



LOUISVILLE & NASHVILLE RAILROAD COMPANY

908 W. BROADWAY • LOUISVILLE, KENTUCKY 40203 TELEPHONE (502) 587-5235

7-192A020

LAW DEPARTMENT

July 7, 1977

8876

RECORDATION NO. Filed & Recorded

DAVID M. YEARWOOD
GENERAL ATTORNEY

JUL 11 1977-II 05 AM

INTERSTATE COMMERCE COMMISSION

Ms. Robert L. Oswald, Secretary
Interstate Commerce Commission
Washington, D. C. 20423

Dear Mr. Secretary:

There is transmitted to you herewith for filing and recordation, pursuant to Section 20c of the Interstate Commerce Act, duly executed counterparts of a Reconstruction and Conditional Sale Agreement dated as of June 1, 1977 among Mercantile-Safe Deposit and Trust Company, Agent, as Vendor, whose address is Two Hopkins Plaza, Baltimore, Maryland 21203, L&N Investment Corporation, as Builder, whose address is 908 West Broadway, Louisville, Kentucky 40201, and First Security Bank of Utah, National Association, Trustee, as Vendee, whose address is 79 South Main Street, Salt Lake City, Utah 84111.

The equipment covered by said Reconstruction and Conditional Sale Agreement is described in Schedule A thereto, a copy of which is attached hereto and made a part hereof.

There has been no prior recordation of any document relating to this transaction.

This letter of transmittal is signed by an officer of Louisville and Nashville Railroad Company who has knowledge of the matters set forth herein.

Attached hereto is a draft in the amount of \$50 payable to the Treasurer of the United States covering the recordation fee for said Reconstruction and Conditional Sale Agreement.

David M. Yearwood

Date JUL 11 1977
Fee \$ 50
ICC Washington, D.C.

RECEIVED
JUL 11 1977
I.C.C. OPERATION DIV.

After recordation, please return the recorded counterparts of said Reconstruction and Conditional Sale Agreement to:

Mr. David M. Yearwood
General Attorney
Louisville and Nashville Railroad Company
908 West Broadway
Louisville, Kentucky 40203

Respectfully yours,

Louisville and Nashville Railroad Company

By David M. Yearwood
David M. Yearwood
General Attorney

SCHEDULE A--RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT

Quantity	AAR Mechanical Designation	Description	L&N Railroad Road Numbers (Inclusive)	Builder's Specifica- tion Number	Hulk Purchase Price		Base Reconstruction Cost		Purchase Price	
					Per Unit	Total	Per Unit	Total	Per Unit	Total
251	XL	50-Ton Box Cars	96594-96703 96705-96799 110200-110202 111836-111878	L&N 77-3	\$4,500	\$1,129,500	\$12,341	\$3,097,591	\$16,841	\$4,227,09
48	XM	50-Ton Box Cars	110203-110241 111832-111835 111997-111999 112264-112265	L&N 77-3	4,500	216,000	13,482	647,136	17,982	863,13
180	XF/ XI	70-Ton Box Cars	111990-111996 112266-112367 112877-112945 113898-113899	L&N 77-3	4,500	810,000	12,318	2,217,240	16,818	3,027,2
21	XF/ XL/ XP	100-Ton Box Cars	113892-113897 113908-113913 113967-113971 113963-113966	L&N 77-3	4,500	94,500	12,291	258,111	16,791	352,1
28	FMS	70-Ton Bulkhead Flat Cars	990600-990601 990800-990802 990825-990833 990900-990909 990100-990103	L&N 77-4	4,500	126,000	12,258	343,224	16,758	469,
9	FB	100-Ton Bulkhead Flat Cars	990300-990308	L&N 77-4	4,500	40,500	10,321	92,889	14,821	133,

SCHEDULE A--RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT (cont'd)

Quantity	AAR Mechanical Designation	Description	L&N Railroad Road Numbers (Inclusive)	Builder's Specifica- tion Number	Hulk Purchase Price		Base Reconstruction Cost		Purchase Price	
					Per Unit	Total	Per Unit	Total	Per Unit	Total
2	FMS	100-Ton Bulkhead Flat Cars	900500-990501	L&N 77-4	\$4,500	\$ 9,000	\$11,112	\$ 22,224	\$15,612	\$ 31,224
33	LP	70-Ton Pulpwood to Welded Rail Cars	42967-42999	L&N 77-5	4,500	148,500	15,342	506,286	19,842	654,786
50	LO	70-Ton Covered Hopper Cars to Ballast Cars	45051-45100	L&N 77-6	4,500	225,000	12,074	603,700	16,574	828,700
24	LO	70-Ton Covered Hopper Cars	37163-37172 201929-201942	L&N 77-2	4,500	108,000	13,831	331,944	18,331	439,944
19	LO	100-Ton Covered Hopper Cars	201600-201614 201943-201944 201981-201982	L&N 77-2	4,500	85,500	13,831	262,789	18,331	348,289

SCHEDULE A--RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT (cont'd)

Quantity	AAR Mechanical Designation	Description	L&N Railroad Road Numbers (Inclusive)	Builder's Specifica- tion Number	Hulk Purchase Price		Base Reconstruction Cost		Purchase Price	
					Per Unit	Total	Per Unit	Total	Per Unit	Total
82	HT	70-Ton Open Top Hopper Cars	76312-76393	L&N 77-1	\$4,500	\$ 369,000	\$10,714	\$ 878,548	\$15,214	\$1,247,548
95	HT	80-Ton Open Top Hopper Cars	189644-189738	L&N 77-1	4,500	427,500	10,714	1,017,830	15,214	1,445,330
16	HT	100-Ton Open Top Hopper Cars	192041-192056	L&N 77-1	4,500	72,000	11,018	176,288	15,518	248,28
200	GB	70-Ton Gondola Cars	27228-27325 27500-27553 27700-27747	L&N 77-7	4,500	900,000	11,416	2,283,200	15,916	3,183,20

Interstate Commerce Commission
Washington, D.C. 20423

7/11/77

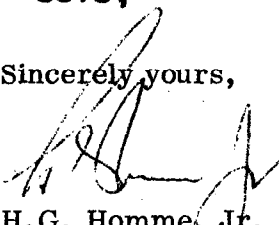
OFFICE OF THE SECRETARY

David M. Yearwood, Gen. Atty.
L&N RR. Co.
908 W. Broadway
Louisville, Kentucky 40203

Dear Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,
49 U.S.C. 20(c), on 7/11/77 at 11:05am ,
and assigned recordation number(s) 8878,

Sincerely yours,


H.G. Homme, Jr.
Acting Secretary

8878-A
8878-B
8878-C
8878-D

Enclosure(s)

Same as in 8878 A

8878

RECORDATION NO. Filed & Recorded

JUL 11 1977 - 11 05 AM

INTERSTATE COMMERCE COMMISSION

RECONSTRUCTION AND CONDITIONAL SALE
AGREEMENT

Dated as of June 1, 1977

among

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
not in its individual capacity but
solely as Agent,

L & N INVESTMENT CORPORATION

and

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
not in its individual capacity but solely as Trustee

RECONSTRUCTION AND CONDITIONAL
SALE AGREEMENT

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RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT dated as of June 1, 1977, among MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, not in its individual capacity but solely as Agent (hereinafter called the Vendor) under a Participation Agreement dated as of the date hereof in the form of Exhibit E hereto (hereinafter called the Participation Agreement), L & N INVESTMENT CORPORATION (hereinafter called the Builder) and FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, not in its individual capacity but solely as Trustee (hereinafter called the Vendee) under a Trust Agreement dated as of June 1, 1977 (hereinafter called the Trust Agreement), with BWL, INC. (hereinafter called the Beneficiary).

The Vendee proposes to acquire all right, title and interest in certain railroad equipment (hereinafter called the Hulks) from Louisville and Nashville Railroad Company (hereinafter called the Lessee) pursuant to a Hulk Purchase Agreement (hereinafter called the Hulk Purchase Agreement) dated as of June 1, 1977, in substantially the form of Exhibit D hereto, and will subject the same to a security interest in favor of the Vendor for the purpose of causing the Hulks to be reconstructed.

The Vendor will acquire security title to the Hulks pursuant to a transfer agreement or agreements (hereinafter collectively called the Transfer Agreement) in substantially the form of Exhibit A hereto, for the purpose of causing the same to be reconstructed as described herein and thereupon selling its interest in the same to the Vendee and the Vendee has agreed to purchase the Hulks as so reconstructed (the reconstructed equipment described in Schedule A hereto being hereinafter called the Equipment).

The Hulks will be delivered to the Builder and the Builder has agreed with the Vendor to cause the Hulks to be reconstructed in accordance with specifications of the Vendee and as required hereby to enable delivery of the Equipment to be made to the Vendee in accordance herewith.

The Vendee and the Lessee are entering into a Lease of Railroad Equipment, dated as of the date hereof

(hereinafter called the Lease), substantially in the form of Exhibit B hereto, pursuant to which the Vendee is leasing the Equipment to the Lessee, subject to this Agreement, and the Vendee is assigning for security purposes its rights in, to and under the Lease to the Vendor pursuant to an Assignment of Lease and Agreement dated as of the date hereof (hereinafter called the Lease Assignment), substantially in the form of Exhibit C hereto. The rights acquired by the Vendor pursuant to this Reconstruction and Conditional Sale Agreement shall be and are acquired for the benefit of the Investors identified in the Participation Agreement for whom the Vendor is acting as Agent pursuant to the terms of such Participation Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Reconstruction and Sale. Pursuant to this Agreement, the Builder will cause the Hulks to be reconstructed into the Equipment as described in Schedule A hereto and will deliver the Equipment to the Vendee on behalf of the Vendor and the Vendee will accept delivery of and pay for the Equipment as hereinafter provided, each unit of which shall be standard gauge railroad equipment reconstructed in accordance with the specifications of the Vendee referred to in Schedule A hereto and in accordance with such modifications thereof as may be agreed upon in writing by the parties hereto (which specifications and modifications, if any, are by reference made a part of this Agreement as fully as though expressly set forth herein and are hereinafter called the Specifications). The Builder warrants to the Vendor and the Vendee that the design, quality and component parts of the Equipment will conform, on the date of delivery of each thereof, to all Department of Transportation and Interstate Commerce Commission requirements and specifications, and to all standards recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of the Equipment as of the date of this Agreement.

ARTICLE 2. Inspection and Delivery. The Builder will deliver the units of the Equipment, on behalf of the Vendor, to the Vendee at such point or points within the United States of America specified in Schedule A hereto (or if Schedule A hereto does not specify a place or places,

at the place or places designated from time to time by the Vendee) on or prior to June 30, 1978, freight charges, if any, prepaid; provided, however, that delivery of any unit of the Equipment shall not be made until this Agreement, the Transfer Agreement, the Lease and the Lease Assignment have been filed pursuant to Section 20c of the Interstate Commerce Act. The Builder agrees not to accept for reconstruction, nor to commence any reconstruction of, any Hulk if the Builder (A) does not reasonably anticipate that such Hulk will be fully reconstructed within 90 days following such commencement of reconstruction and in any case prior to June 30, 1978, or (B) has received written notice from the Vendee, the Vendor or the Beneficiary (a) of the occurrence of any event of default as defined in Article 14 hereof or any event (including the commencement of any proceeding or the filing of any petition of the nature specified in subparagraphs (c) and (d) of Article 14 hereof) which, with lapse of time, failure to take affirmative action and/or demand, could constitute an event of default hereunder shall have occurred, or (b) that any of the conditions contained in Paragraphs 6 or 7 of the Participation Agreement have not been met or waived or (c) that the Vendee is no longer obligated under the terms of the Hulk Purchase Agreement to accept delivery of and to pay for any additional Hulks thereunder for any of the reasons therein provided.

The Builder's obligation as to time of delivery is subject, however, to delays resulting from causes beyond the Builder's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plants, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

Notwithstanding the preceding provisions of this Article 2, the Vendor and the Vendee shall be relieved of their obligations to purchase and pay for any Equipment not delivered, accepted and settled for on or prior to the Cut-Off Date (as defined in Article 3 hereof).

The Builder represents and warrants that: (i) the Equipment will upon delivery to the Vendee be "rolling stock, of a domestic railroad corporation subject to Part I of the Interstate Commerce Act" within the meaning of Section 48(a)(2)(B)(ii) of the Internal Revenue Code of 1954

as in effect on the date of the execution and delivery of this Agreement (hereinafter called the Code); (ii) the Equipment will upon delivery to the Vendee qualify with respect to that portion of the basis of the Equipment attributable to reconstruction as "new section 38 property" within the meaning of Section 48(b) of the Code; (iii) the Vendee will be entitled to claim upon delivery of the Equipment to it depreciation deductions with respect to that portion of the basis of the Equipment attributable to reconstruction in accordance with any methods listed in Section 167(b) of the Code and with respect to that portion of the basis of the Equipment not attributable to reconstruction in accordance with Section 167(a) of the Code; (iv) at the time of the delivery of the Equipment to the Vendee, no investment credit, depreciation or other tax benefit will have been claimed by any person with respect to the portion of the basis of the Equipment attributable to reconstruction; (v) the economic useful life of the Equipment will be at least 13.75 years and (vi) the fair market value of the Equipment at the end of the Lease term will be at least 20% of the Purchase Price and the Reconstruction Cost (as hereinafter defined) thereof.

During reconstruction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee (who may be employees of the Lessee) and the Builder shall grant to such authorized inspectors reasonable access to its plant. The Builder agrees to inspect all materials used in the reconstruction of the Equipment in accordance with the standard quality control practices of the Builder. Upon completion of each unit or of a number of units of the Equipment, such unit or units shall be presented to an inspector of the Vendee for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Vendee (who may be an employee of the Lessee) shall execute and deliver to the Builder a certificate of acceptance (hereinafter called the Certificate of Acceptance) stating that such unit or units have been inspected and accepted on behalf of the Vendee and are marked in accordance with Article 8 hereof; provided, however, that the Builder shall not thereby be relieved of its warranties set forth or referred to in Article 12 hereof.

ARTICLE 3. Purchase Price and Payment. The cost of the Hulks (the "Hulk Purchase Price") and the estimated base reconstruction cost per unit of the Equipment are set

forth in Schedule A hereto. The term "Reconstruction Cost" as used herein shall mean the base reconstruction cost per unit set forth in Schedule A hereto, as increased or decreased by agreement among the Builder, the Vendor and the Vendee, but the aggregate Reconstruction Cost shall in no event exceed the lesser of (i) the actual cost to the Builder of doing the reconstruction work plus a reasonable overhead and profit factor or (ii) \$12,739,000 in the aggregate. The term "Purchase Price" as used herein means the sum of the Hulk Purchase Price and the Reconstruction Cost.

For the purpose of settlement therefor, the Equipment shall be divided into not more than seven groups of units of the Equipment unless the Vendee, the Vendor and the Builder shall otherwise agree (each such group being hereinafter called a Group). The term "Closing Date" with respect to any Group shall mean such date not later than June 30, 1978 (herein called the Cut-Off Date), occurring not more than ten business days following presentation by the Builder to the Vendee of the invoice and the Certificate or Certificates of Acceptance for such Group and written notice thereof by the Builder to the Lessee, as shall be fixed by the Builder by written notice delivered to the Vendee and the Vendor at least six business days prior to the Closing Date designated therein; provided, however, that the first such Closing Date shall not be prior to the date specified in Item 1 of Schedule B hereto and with respect to any Closing Date prior to a date specified in Item 2 of said Schedule B, the aggregate of the Invoiced Purchase Prices of all equipment settled for hereunder prior to each such date shall not exceed the amount specified with respect to each such date in said Item 2. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays, holidays and any other day on which banking institutions in Baltimore, Maryland or New York, New York, are authorized to remain closed.

The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay (and the Builder and the Lessee are hereby constituted third party beneficiaries of such obligation) in Baltimore Clearing House funds to the Vendor at such place as the Vendor may designate, the Purchase Price of each Group of the Equipment, as follows:

(a) in 19 semiannual instalments, as hereinafter provided, an amount (herein called the Conditional Sale Indebtedness) equal to the lesser of (y) 74%

of the aggregate of the Purchase Prices of the units of the Equipment in the Group for which settlement is then being made as set forth in the Invoice or Invoices therefor (said invoice prices being hereinafter called the Invoiced Purchase Prices) or (z) the Available Investors' Funds (as defined in the eighth paragraph of this Article 3); and

(b) on the Closing Date with respect to each Group an amount (herein called the Down Payment) equal to the aggregate Purchase Price of such Group, less the amount payable pursuant to subparagraph (a) of this paragraph; provided, however, that the Vendee shall not be required to make such payment unless there shall have been delivered to the Vendor on or prior to such date the documents required to be delivered thereto pursuant to the eighth paragraph of this Article 3.

The instalments of the Conditional Sale Indebtedness shall be payable on each January 20 and July 20 commencing January 20, 1979, to and including January 20, 1988, (or, if any such date is not a business day, on the next succeeding business day), each such date being hereinafter called a Payment Date. The unpaid balance of the Conditional Sale Indebtedness shall bear interest from the Closing Date upon which such Conditional Sale Indebtedness was incurred at the rate of 8-1/2% per annum, and such interest shall be payable, to the extent accrued, on July 20, 1978 and each Payment Date. The instalments of principal payable on each Payment Date shall be calculated on such a basis that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto. Promptly following the earlier of the last Closing Date or the Cut-Off Date, the Vendee will furnish to the Vendor and the Lessee a payment schedule showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months.

The Vendee will pay interest at the rate of 9-1/2% per annum, to the extent legally enforceable, upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding.

All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Payments made in respect of the Purchase Price of Equipment may be in Baltimore or New York Clearing House funds. The Vendee shall not have the privilege of prepaying any portion of the Conditional Sale Indebtedness prior to the date it becomes due, provided, however, that the Conditional Sale Indebtedness may be prepaid as provided for in Article 6 hereof.

On the Closing Date with respect to each Group, an amount equal to the Invoiced Purchase Prices of such Group shall be paid in Baltimore or New York Clearing House funds by the Vendor to the Builder and the Lessee (as the seller of the Hulks), as their interests may appear, from the proceeds of (y) the amounts (herein called the Available Investors' Funds) available to the Vendor under and pursuant to the terms of the Participation Agreement to make payments on such Closing Date in amounts equal to the Conditional Sale Indebtedness and (z) the Down Payment payable by the Vendee pursuant to clause (b) of the third paragraph of this Article 3, provided that there shall have been delivered to the Vendor the following documents, in form and substance satisfactory to it and its special counsel hereinafter mentioned:

(a) the Certificate or Certificates of Acceptance contemplated by Article 2 hereof and the Certificate or Certificates of Delivery contemplated by Section 1 of the Lease with respect to the Equipment in such Group;

(b) invoices of the Builder for the reconstruction of the Equipment in the Group and of the Lessee for the Hulks, accompanied by or having endorsed thereon the approval of the Vendee of the price stated therein and a certification by the Lessee that the Invoiced Purchase Prices have been calculated as provided in the first paragraph of this Article 3 and do not exceed the prices that would be charged by an independent car builder for comparable equipment;

(c) a favorable opinion of counsel for the Builder, dated as of such Closing Date, stating that at the time of delivery of the units of the Equipment in such Group on behalf of the Vendor to the Vendee hereunder, title to such units were free of all claims, liens, security

interests and the encumbrances of the Builder or of anyone claiming through the Builder; and

(d) a favorable opinion of counsel for the Lessee, dated as of such Closing Date, stating that as of such date, title to the Hulks from which such units of the Equipment in such Group were reconstructed, was free of all claims, liens, security interests, security titles and encumbrances of any nature whatsoever except for those rising under this Agreement or the Exhibits hereto.

The obligation of the Vendor to make payment for the Equipment is expressly conditioned on the Vendee having made the Down Payment to the Vendor required by subparagraph (b) of the third paragraph of this Article 3. If on any Closing Date the Down Payment exceeds 26% of the Purchase Price of any Group, the Vendee may, by written notice to the Lessee, the Vendor and the Builder, postpone such Closing Date for a period of not more than 30 days. Notwithstanding anything to the contrary herein expressed or implied, the parties hereto agree that the Vendor shall have no obligation with respect to the reconstruction of the Hulks and delivery of the Equipment hereunder to the Vendee.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 14 and 15 hereof), but not limiting the effect of Article 21 hereof, the Vendor agrees that the liability of the Vendee or any assignee of the Vendee for all payments to be made by it under this Agreement, with the exception only of the payments to be made pursuant to subparagraph (b) of the third paragraph of Article 3 and the obligations set forth in the proviso in the third paragraph of Article 11 hereof, shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment", and such payments shall be made by the Vendee only to the extent that the Vendee (which term as used in this paragraph includes the Vendor to the extent payments under the Lease are made to the Vendor as contemplated therein and any assignee of the Vendee) shall have actually received sufficient "income or proceeds from the Equipment" to make such payments. In addition, the Vendor agrees that the Vendee (i) makes no representation or warranty, and is not responsible for, the due execution, validity or enforceability of the Lease or any document relating thereto (except for the due authorization, execution and delivery thereof by the Vendee) or of any of the Lessee's obligations thereunder

and (ii) shall have no obligation or liability whatsoever to see to or be responsible for the performance by the Lessee of any of its agreements, representations, indemnities, obligations or other undertakings under the Lease; it being understood that as to all such matters the Vendor will look solely to the Vendor's rights under this Agreement against the Equipment and to the Vendor's rights under the Lease against the Lessee and the Equipment. As used herein, the term "income and proceeds from the Equipment" shall mean (i) if one of the events of default specified in Article 14 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Vendee (or the Vendor as assignee of the Vendee under the Lease) at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences (as hereinafter defined in Article 6 hereof) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under Section 9 or any other provision of the Lease and (b) any and all payments or proceeds received by the Vendee under the Lease or received by the Vendee for or with respect to the Equipment as the result of the sale, lease or other disposition thereof and after deducting all costs and expenses of such sale, lease or other disposition (it being understood and agreed that all payments of "income and proceeds from the Equipment" received pursuant to this subclause (i) in excess of the unpaid Conditional Sale Indebtedness and all other payments due to the Vendor under this Agreement shall be paid to the Vendee) and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) as are indefeasibly received by the Vendee (or the Vendor as assignee of the Vendee under the Lease) and as shall be required to discharge the portion of the Conditional Sale Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon, due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall be required to discharge any other payments then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no event include amounts referred to in the foregoing clauses (a) and (b) which were received by the Vendee (or the Vendor as assignee of the Vendee under the Lease) prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the Conditional Sale Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date on which amounts

with respect thereto received by the Vendee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were due and payable under the Lease. Notwithstanding anything to the contrary contained in Articles 14 and 15 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee pursuant to the limitations set forth in this paragraph, it will, accordingly, limit its execution of such judgment against the Vendee to amounts payable pursuant to the limitations set forth in this paragraph. It is further agreed by the parties hereto that nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment as provided for herein for the full unpaid Purchase Price of the Equipment and interest thereon and all other payments and obligations hereunder or to proceed against the Lessee under the Lease or the Consent.

ARTICLE 4. Title to the Equipment. The Vendor shall and hereby does retain a security interest in the Hulks delivered to the Builder hereunder for reconstruction and shall continue to retain such security interest during the entire period that the Hulks are being reconstructed and thereafter in the Equipment until the Vendee shall have made all its payments under this Agreement in respect of the Equipment and shall have kept and performed all its agreements herein contained in respect thereof, notwithstanding any provision of this Agreement limiting the liability of the Vendee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee and the Lessee as provided in this Agreement and the Lease. Any and all additions to the Hulks and the Equipment, and any and all parts installed on and additions and replacements made to any unit of the Hulks prior to their delivery and acceptance hereunder shall constitute accessions thereto and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

Except as otherwise specifically provided in Article 6 hereof, when and only when the Vendor shall have been paid the full Conditional Sale Indebtedness, together with interest and all other payments as herein provided, and all the Vendee's obligations herein contained shall have been performed, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee without further transfer or action on the part of the Vendor. However, the Vendor, if so requested

by the Vendee at that time, will (a) execute and deliver to the Vendee a bill or bills of sale for the Equipment releasing its security interest therein to the Vendee, free of all claims, rights, liens, security interests and other encumbrances created or retained hereby, (b) execute and deliver to the Vendee for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to such Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 6 hereof and not theretofore applied as therein provided. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any such certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by the Vendee.

ARTICLE 5. Taxes. All payments to be made by the Vendee hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, Federal or foreign taxes (other than net income taxes, gross receipts taxes [except gross receipts taxes in the nature of or in lieu of sale, use or rental taxes], franchise taxes measured by net income based upon such receipts, excess profits taxes and similar taxes) or license fees, assessments, documentary stamp taxes, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions) hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which impositions the Vendee assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Vendee will also pay promptly all impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof or upon the earnings arising therefrom or upon the Vendor solely by reason of its ownership thereof and will keep at all times all and every part of the Equipment free and clear of all impositions which might in any way affect the security interest of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Vendee shall be under no obli-

gation to pay any impositions of any kind so long as it is contesting in good faith (after written notice to the Vendor) and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the title, property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Vendee shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Vendee shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor) or unless the Vendee shall have approved the payment thereof.

ARTICLE 6. Maintenance and Repair; Casualty Occurrences. The Vendee agrees that, at its own cost and expense, it will maintain and keep each unit of the Equipment in good order, repair and condition.

In the event that any unit of the Equipment shall be or become worn out, lost, stolen, destroyed or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States government for a stated period which shall exceed the then remaining term of the Lease or for an indefinite period, but only when such indefinite period shall exceed the term of the Lease, or by any other governmental entity resulting in loss of possession by the Lessee for a period of 90 consecutive days or until the end of the term of the Lease (each such occurrence being herein called a Casualty Occurrence), the Vendee shall, within thirty days after it shall have determined that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto. Notwithstanding any such Casualty Occurrence, the Vendee shall continue making payment of all instalments of principal and interest in respect of such unit until the next succeeding date for the payment of interest on the Conditional Sale Indebtedness (hereinafter called a Casualty Payment Date). On such date the Vendee shall, subject to the provisions of the last paragraph of Article 3 hereof, pay to the Vendor a sum equal to the Casualty Value (as hereinafter defined in this Article 6) of such unit suffering a Casualty Occurrence as of the date of such payment and shall file, or cause to be filed,

with the Vendor a certificate setting forth the Casualty Value of such unit. Any money paid to the Vendor pursuant to this paragraph shall be applied on the date that such Casualty Value is paid (after the payment of the interest and principal due on such date) to prepay without penalty or premium, ratably in accordance with the unpaid balance of each instalment, the Conditional Sale Indebtedness and the Vendee will promptly furnish to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as the Vendor may request.

Upon payment by the Vendee to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Vendee, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Vendee, will execute and deliver to the Vendee, at the expense of the Vendee, an appropriate instrument, confirming such passage to the Vendee of all the Vendor's right, title and interest, and the release of the Vendor's security interest, in such unit, in recordable form, in order that the Vendee may make clear upon the public records the title of the Vendee to such unit.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original Conditional Sale Indebtedness with respect to such unit remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other Unit), plus interest accrued thereon but unpaid as of such date. For the purpose of this paragraph, each payment of Conditional Sale Indebtedness in respect of Equipment made pursuant to Article 3 hereof shall be deemed to be a payment on each unit of the Equipment in like proportion as the original Purchase Price of such unit bears to the aggregate original Purchase Price of all the units of Equipment.

If the Vendor shall receive any insurance proceeds or condemnation payments in respect of such units suffering a Casualty Occurrence, the Vendor shall, subject to the Vendor having received payment of the Casualty Value hereunder, pay such insurance proceeds or condemnation payments to the Vendee. All insurance proceeds or condemnation pay-

ments received by the Vendor in respect of any unit or units of Equipment not suffering a Casualty Occurrence shall be paid to the Vendee upon proof satisfactory to the Vendor that any damage to such unit in respect of which such proceeds were paid has been fully repaired.

ARTICLE 7. Reports and Inspections. On or before March 31 in each year, commencing with the calendar year 1978, the Vendee shall cause to be furnished to the Vendor an accurate statement setting forth as of the preceding December 31 the amount, description and numbers of the Equipment (a) then covered hereby, (b) that have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Agreement in the case of the first such statement) and (c) then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs and setting forth such other information regarding the condition and state of repair of the Equipment as the Vendor may reasonably request and stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, such Equipment is marked as required by Article 8 hereof. The Vendor shall have the right, by its agents, to inspect the Equipment and the Lessee's records with respect thereto at such reasonable times as the Vendor may request during the continuance of this Agreement.

ARTICLE 8. Marking of Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule A hereto, or, in the case of Equipment not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than seven-sixteenths of one inch in height, the following legend: "Ownership Subject to a Security Agreement filed under the Interstate Commerce Act, Section 20c" or other appropriate words designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's title to and property in the Equipment and its rights under this Agreement. The Vendee will not permit any such unit to be placed in operation or exercise any control over the same until such legend shall have been so marked on both sides thereof and will replace or will cause to be replaced promptly any such legend which may be removed, obliterated, defaced or destroyed. The Vendee will not

permit the identifying number of any unit of the Equipment to be changed except in accordance with a statement of a new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor and filed, recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Vendee will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Vendee may allow the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of the rights of the Lessee or its affiliates to use the Equipment as permitted under the Lease.

Article 9. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all laws of the jurisdictions in which its or such lessees' operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, and in the event that such laws or rules require any alteration, replacement or modification, of or to any part on any unit of the Equipment, the Vendee will conform therewith at its own expense; provided, however, that the Vendee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

Article 10. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment to the Vendee, to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this

Agreement.

The parties hereto acknowledge that the Vendee simultaneously herewith is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and its permitted assigns under the Lease shall be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. The Lease shall not be amended or terminated (except in accordance with its terms) without the prior written consent of the Vendor.

Subject to the provisions of the preceding paragraph of this Article 10, the Equipment may be used upon the lines of railroad owned or operated by the Lessee or any affiliate of the Lessee (or any other railroad company approved by the Vendor) or upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights, or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract, and the Equipment may be used upon connecting and other carriers in the usual interchange of traffic or equipment, but only upon and subject to all the terms and conditions of this Agreement; provided, however, that the Vendee shall not assign or permit the assignment of any unit of the Equipment to service involving the regular operation and maintenance thereof outside the United States of America. Except as otherwise provided in the Lease, the Vendee may also lease the Equipment to any other railroad company with the prior written consent of the Vendor; provided, however, that (i) such lease shall provide that the rights of such lessee are made expressly subordinate to the rights and remedies of the Vendor under this Agreement, (ii) such lessee shall expressly agree not to assign or permit the assignment of any unit of the Equipment to service involving the regular operation and maintenance thereof outside the United States of America and (iii) a copy of such lease shall be furnished to the Vendor.

ARTICLE 11. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge, security interest or other encumbrance upon or with respect to the Equipment, or any unit thereof, or the Vendee's interests in the Lease or the payments due and to become due thereunder, or any part thereof, equal to or superior

to the Vendor's security interest therein, and will promptly discharge any such lien, charge, security interest or other encumbrance which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by any appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of any claims, liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

The foregoing provisions of this Article 11 shall be subject to the limitations set forth in the last paragraph of Article 3 hereof and the provisions of Article 21 hereof; provided, however, that the Vendee will pay or discharge any and all claims, liens, charges or security interests claimed by any party from, through or under the Vendee or the Beneficiary or their respective successors or assigns, not arising out of the transactions contemplated hereby (but including tax liens arising out of the receipt of the income and proceeds from the Equipment), equal or superior to the Vendor's security interest therein, which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's interest in the Lease and the payments to be made thereunder, but the Vendee shall not be required to pay or discharge any such claim so long as the validity or priority thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement or in and to the Lease and the payments to be made thereunder.

Article 12. Indemnities and Warranties. The Vendee agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of

the cause thereof, and expenses in connection therewith, including but not limited to counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance of this Agreement, the retention by the Vendor of security title to or a security interest in the Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any of the Equipment, any accident in connection with the operation, use, condition, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any person during the period when title thereto remains in the Vendor or the transfer of title to the Equipment by the Vendor pursuant to any of the provisions of this Agreement, except, however, any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort, breach of warranty or failure to perform any covenant hereunder by the Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the release of the security interest in, the Equipment, as provided in the last paragraph of Article 4 hereof, or the termination of this Agreement in any manner whatsoever.

The Vendee will bear the responsibility for and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any unit or all the Equipment.

THE VENDOR MAKES NO WARRANTIES WHETHER WRITTEN, ORAL, STATUTORY OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE HULKS OR THE EQUIPMENT OR IN CONNECTION WITH THIS AGREEMENT OR THE DELIVERY AND SALE OF THE EQUIPMENT HEREUNDER.

The Builder warrants that the Hulks will be reconstructed in accordance with the Specifications and standards set forth or referred to in Article 1 hereof and warrants that the Equipment will be free from defects in material or workmanship or design under normal use and service. THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, WITH RESPECT TO RECONSTRUCTION, EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. The Builder agrees to and does hereby, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer,

assign, set over and deliver to the Vendor and, subject to the rights of the Vendor under this Agreement, to the Vendee, every claim, right and cause of action which the Builder has or hereafter shall have against any party who shall perform any of the reconstruction of the Hulks and the Builder agrees to execute and deliver to the Vendor and the Vendee all and every such further assurance as may be reasonably requested more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action.

The Builder agrees to indemnify, protect and hold harmless the Vendor from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendor (i) because of the use in or about the construction or operation of the Equipment or the reconstruction of the Hulks, or any unit thereof, of any design, article or material infringing or claimed to infringe on any patent or other right or (ii) arising out of any accident or tort in connection with the reconstruction, operation, use, condition, possession or storage by the Builder of any of the Hulks or any unit of the Equipment resulting in damage to property or injury or death to any person. The Vendor will give notice to the Builder of any claim known to it from which liability may be charged against the Builder under this paragraph.

The Builder represents that it is not entering into this Agreement, or into any other transaction contemplated by the Participation Agreement, directly or indirectly in connection with any arrangement or understanding in any way involving any employee benefit plan (other than a governmental plan) with respect to which it, the Beneficiary, the Lessee, or the Vendee in its individual capacity is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974.

The warranties and indemnities contained or referred to in this Article 12 and in any other Articles hereof and all other covenants and obligations of the Builder contained in this Agreement shall inure to the benefit of, and be enforceable by, any lessor, lessee, assignee or transferee of this Agreement or of any units of the Equipment reconstructed by the Builder hereunder.

ARTICLE 13. Assignments. The Vendee will not (a) except as provided in Article 10 hereof or in the Trust Agreement, transfer the right to possession of any unit of the Equipment or (b) sell, assign, transfer or otherwise

dispose of its rights under this Agreement unless such sale, assignment, transfer or disposition (i) is made expressly subject in all respects to the rights and remedies of the Vendor hereunder (including without limitation, rights and remedies against the Vendee) and (ii) is made to a bank or trust company having capital and surplus aggregating at least \$50,000,000, and such bank or trust company expressly assumes, in writing, in form reasonably satisfactory to the Vendor, all the obligations of the Vendee under this Agreement.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Builder from, any of the obligations of the Builder to reconstruct and deliver the Equipment in accordance herewith or to respond to its warranties and indemnities contained or referred to in Article 12 hereof or relieve the Vendee of its obligations to the Builder contained or referred to in this Agreement.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Vendee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee of the notification of any such assignment, all payments thereafter to be made by the Vendee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

ARTICLE 14. Defaults. In the event that any one or more of the following events of default shall occur and be continuing (without regard to the limitations provided for in the last paragraph of Article 3 hereof or in Article 21 hereof) to wit:

(a) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder and such default shall continue for ten days; or

(b) the Vendee shall, for more than 30 days after the Vendor shall have demanded in writing performance

thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or

(c) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under the Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings (whether or not subject to ratification) in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

(d) any proceeding shall be commenced by or against the Vendee, the Beneficiary or the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations hereunder or under the Lease, the Lease Assignment, the Consent or the Participation Agreement of the Vendee, the Beneficiary or the Lessee, as the case may be), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Vendee, the Beneficiary or the Lessee under this Agreement, the Lease, the Lease Assignment, the Consent and/or the Participation Agreement, as the case may be, shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Vendee, the Beneficiary or the Lessee, as the case may be, or for its or their property in connection with any such proceedings in such manner that such obligations have the same status as expenses of administration and obligations incurred

by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(e) the Vendee shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment;

(f) an Event of Default shall occur under the Lease;

then at any time after the occurrence of such an event of default the Vendor may upon written notice to the Vendee and the Beneficiary and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) cause the term of the Lease immediately upon such notice to terminate (and the Vendee acknowledges the right of the Vendor to terminate the Lease) but without affecting the indemnities or other agreements of the Lessee which by the provisions of the Lease survive the termination of its term and/or (ii) declare (hereinafter called a Declaration of Default) the entire unpaid Conditional Sale Indebtedness together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 3 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Upon a Declaration of Default, subject to Article 3 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the Conditional Sale Indebtedness, with interest as aforesaid, and to collect such judgment out of any property of the Vendee, subject to the limitations of Articles 3 and 21 hereof, wherever situated. The Vendee agrees to promptly notify the Vendor of any event of which it has knowledge which constitutes, or with the giving of notice and/or lapse of time could constitute, an event of default under this Agreement.

Anything in this Agreement to the contrary notwithstanding, in the case of any event of default occurring due to the failure of the Lessee to make a payment of rental pursuant to Section 2 of the Lease, the Vendor shall not, without the prior written consent of the Beneficiary, exercise any remedy or remedies provided herein or in the Lease in respect thereof during a 30-day period next following the

giving of written notice to the Beneficiary constituting a Declaration of Default as provided above. During such 30-day period the Beneficiary shall have the right to cure on behalf of the Lessee the Event of Default under the Lease resulting from such failure to make the rental payment. Such right to cure may be exercised by the Beneficiary any number of times throughout the term of the Lease whether or not the Lessee shall at any time repay any amounts advanced in order to cure one or more such defaults, and each such separate default occurring subsequent to a default which has been so cured by the Beneficiary shall be subject to the notice requirement and the 30-day period during which the Vendor may not exercise its remedies as hereinabove provided. No party exercising any right to cure an event of default pursuant to this paragraph shall obtain any lien, charge or encumbrance of any kind upon the Equipment or any rentals or other amounts payable therefor under the Lease in respect of any sums paid in connection with the exercise of such right or the curing of such default, nor shall any claims of such party against the Lessee or the repayment of such sums so advanced impair the prior right of the Vendor to the sums payable by the Lessee under the Lease. The rights provided in this paragraph shall be in addition to, and shall not be construed to limit, the rights of the Vendee set forth in the fourth paragraph of Article 15 hereof.

The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 15. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, upon such further notice and action, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or

more of the units thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 15 expressly provided, and may remove the same from possession and use of the Vendee, the Lessee or any other person and for such purpose may enter upon the premises of the Vendee or the Lessee or any other premises where the Equipment may be located, and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee or the Lessee, subject to all mandatory requirements of due process of law.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Vendee shall, at its own expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic and written notice to be given to the Association of American Railroads and all railroads to which any unit or units of the Equipment have been interchanged to return the unit or units so interchanged) cause the Equipment to be placed upon such storage tracks of the Lessee as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks at the risk of the Vendee without charge for rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; and

(c) cause the Equipment to be transported to any reasonable place on the lines of railroad operated by the Lessee or any of its affiliates or to any connecting carrier for shipment, all as directed by the Vendor.

During any storage period, the Vendee will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Vendee requiring specific performance

hereof. The Vendee hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 15 provided) may, at its election and upon such notice as is hereinafter set forth, retain the Equipment in satisfaction of the entire Conditional Sale Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Vendee and the Beneficiary by telegram or registered mail, addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee; provided further, that if the Vendee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 15.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon reasonable notice to the Vendee and any other persons to whom the law may

require notice of the time and place, may sell the Equipment, or one or more of the units thereof, free from any and all claims of the Vendee or any other party claiming from, through or under the Vendee at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Vendee should tender full payment of the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee. The proceeds of such sale or other disposition, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor, or the Vendee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Vendee shall be given written notice of such sale not less than ten days prior thereto by telegram or registered mail, addressed as provided in Article 20 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 railroads have been solicited in writing to submit bids), it shall be subject to the right of the Vendee to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser thereof, it shall not

be accountable to the Vendee (except to the extent of surplus money received as hereinafter provided in this Article 15), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all sums due to the Vendor hereunder. From and after the date of any such sale, the Vendee shall pay the Vendor an amount equal to interest (at the rate specified in Article 3 hereof as being applicable to amounts remaining unpaid after becoming due and payable) on the unpaid Conditional Sale Indebtedness with respect to each unit of Equipment which shall not have been assembled as hereinafter provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser at such sale.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Vendee shall not otherwise alter or affect the Vendor's rights or the Vendee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall, subject to the provisions of the last paragraph of Article 3 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest from the date of such demand to the date of payment, at the highest prime rate of interest charged by any of the four New York City banks having the largest total assets in effect on the date such demand was made, and, if the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations

of the last paragraph of Article 3 hereof, be entitled to recover a judgment therefor against the Vendee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Vendee.

The Vendee will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 15 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 16. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Vendee to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 17. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded in accordance with Section 20c of the Interstate Commerce Act; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instru-

ments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of special counsel for the Vendor, of its security title to the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Vendee will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 18. Article Headings. The table of contents and all article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

ARTICLE 19. Effect and Modification of Agreement. Except for the Participation Agreement, this Agreement, including any annexes or schedules or exhibits hereto, exclusively and completely states the rights of the parties hereto with respect to the Hulks and the Equipment and supersedes all other agreements oral or written, with respect to the Hulks and the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the parties hereto.

ARTICLE 20. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it at its place of business at the following specified addresses:

(a) to the Vendor, at P. O. Box 2258, Baltimore, Maryland 21203, attention of Corporate Trust Department, with a copy to Comdisco Financial Services, Inc., 530 Bush Street, San Francisco, California 94108,

(b) to the Vendee, at 79 South Main Street, Salt Lake City, Utah 84111, attention of Trust Department, Corporate Division, with a copy to the Beneficiary and a copy to Comdisco Financial Services, Inc., 530 Bush Street, San Francisco, California 94108,

(c) to the Beneficiary, at One IBM Plaza, Suite 2700, Chicago, Illinois 60611, attention of Manager, Leveraged Leasing,

(d) to the Builder, at 908 West Broadway, Louisville, Kentucky 40201,

(e) to any assignee of the Vendor, or of the Vendee, at such address as may have been furnished in writing to the Vendee, or the Vendor, as the case may be, by such assignee.

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 21. Immunities; Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, beneficiary, director or officer, as such, past, present or future, of the parties hereto, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, beneficiaries, stockholders, directors or officers being forever released as a condition of and as consideration for the execution of this Agreement.

The obligations of the Vendee under the second, fifth, seventh and eighth paragraphs of Article 15 and under Articles 2, 5, 6 (other than the third and fourth sentences of the second paragraph thereof to the extent requiring delivery of certificates and payment schedules as therein provided), 7, 8, 9, 11 (other than the proviso to the last paragraph thereof), 12 and 17 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease. The Vendee shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an event of default hereunder pursuant to Article 14 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Vendee, are made and intended not as personal representations, undertakings and agreements by First Security Bank of Utah, National Association or for the purpose or with the intention of binding said association personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, subject to the

limitations of Article 3, and this Agreement is executed and delivered by said association not in its own right but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of gross negligence or wilful misconduct, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said association or the Beneficiary on account of this Agreement or on account of any representation, undertaking or agreement of the said association or the Beneficiary, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that this Agreement is executed and delivered by Mercantile-Safe Deposit and Trust Company, not in its individual capacity but solely as Agent under the Participation Agreement.

ARTICLE 22. Law Governing. The Vendee warrants that its chief place of business is located in the State of Utah. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Utah; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

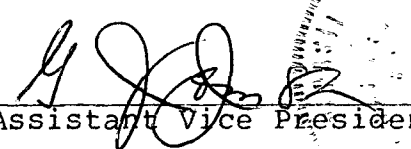
ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. It shall not be necessary that any counterpart be signed by all the parties so long as each party shall sign at least one counterpart. This Agreement shall be valid, binding and effective at such time as the Vendor shall have executed a counterpart and received (or as to which the Vendor shall have received attested telegraphic communication confirming execution of) counterparts executed by the Builder and the Vendee. Although this Agreement is dated as of the date set forth on the cover hereof, for convenience, the actual date or dates of execution hereof by the parties hereto is or are,

respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed all as of the date first above written.


MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, not in its indi-
vidual capacity but solely as
Agent,

by


Assistant Vice President

[Corporate Seal]

Attest:


Corporate Trust Officer

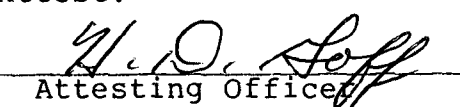
L & N INVESTMENT CORPORATION,

by


President

[Corporate Seal]

Attest:


Attesting Officer


FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, not in its
individual capacity but solely
as Trustee,

by


Authorized Officer

[Seal]

Attest:


Authorized Officer

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this 6th day of July 1977, before me personally appeared **ROBERT S. CLARK**, to me personally known, who, being by me duly sworn, says that he is an Authorized officer of FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, that one of the seals affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.


Susan A. Howard
Notary Public

[Notarial Seal]

My Commission expires

~~My Commission expires June 6, 1981~~

COMMONWEALTH OF KENTUCKY,

) SS.:

COUNTY OF JEFFERSON,

On this ^{9th} day of July 1977, before me personally appeared *Director R. Lafoza*, to me personally known, who, being by me duly sworn, says that he is ~~Vice~~ President of L & N INVESTMENT CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Janet H. Blaine
Notary Public

[Notarial Seal]

My Commission expires 6-15-81

STATE OF MARYLAND,)
) SS.:
CITY OF BALTIMORE,)

On this 5th day of July 1977, before me personally appeared B. J. Johnston, to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notarial Seal]

My Commission expires 7-1-78

Lorothy E. Schatz
Notary Public

Notary Public
DOROTHY E. SCHARR
NOTARY PUBLIC

My Commission Expires July 1, 1977

SCHEDULE I

Allocation Schedule of Each \$1,000,000 of Conditional Sale Indebtedness

<u>Date</u>	<u>Interest Payment</u>	<u>Principal Recovery</u>	<u>Total Payment</u>	<u>Principal Balance (After Payment)</u>
July 20, 1978	\$	\$	\$	\$1,000,000.00
January 20, 1979	42,500.00	35,490.67	77,990.67	964,509.33
July 20, 1979	40,991.65	36,999.02	77,990.67	927,510.31
January 20, 1980	39,419.19	38,571.48	77,990.67	888,938.83
July 20, 1980	37,779.91	40,210.76	77,990.67	848,728.07
January 20, 1981	36,070.95	41,919.72	77,990.67	806,808.35
July 20, 1981	34,289.36	43,701.31	77,990.67	763,107.04
January 20, 1982	32,432.05	45,558.62	77,990.67	717,548.42
July 20, 1982	30,495.81	47,494.86	77,990.67	670,053.56
January 20, 1983	28,477.28	49,513.39	77,990.67	620,540.17
July 20, 1983	26,372.96	51,617.71	77,990.67	568,922.46
January 20, 1984	24,179.21	53,811.46	77,990.67	515,111.00
July 20, 1984	21,892.22	56,098.45	77,990.67	459,012.55
January 20, 1985	19,508.04	58,482.63	77,990.67	400,529.92
July 20, 1985	17,022.53	60,968.14	77,990.67	339,561.78
January 20, 1986	14,431.38	63,559.29	77,990.67	276,002.49
July 20, 1986	11,730.11	66,260.56	77,990.67	209,741.93
January 20, 1987	8,914.04	69,076.63	77,990.67	140,665.30
July 20, 1987	5,978.28	72,012.39	77,990.67	68,652.91
January 20, 1988	2,917.75	68,652.91	71,570.66	0.00
Totals	\$475,402.72	\$1,000,000.00	\$1,475,402.72	

SCHEDULE A--RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT

Quantity	AAR Mechanical Designation	Description	L&N Railroad Road Numbers (Inclusive)	Builder's Specifica- tion Number	Hulk Purchase Price Per Unit	Total	Base Reconstruction Cost Per Unit	Total	Purchase Price Per Unit	Total
251	XL	50-Ton Box Cars	96594-96703 96705-96799 110200-110202 111836-111878	L&N 77-3	\$4,500	\$1,129,500	\$12,341	\$3,097,591	\$16,841	\$4,227,091
48	XM	50-Ton Box Cars	110203-110241 111832-111835 111997-111999 112264-112265	L&N 77-3	4,500	216,000	13,482	647,136	17,982	863,136
180	XF/ XI	70-Ton Box Cars	111990-111996 112266-112367 112877-112945 113898-113899	L&N 77-3	4,500	810,000	12,318	2,217,240	16,818	3,027,240
21	XF/ XL/ XP	100-Ton Box Cars	113892-113897 113908-113913 113967-113971 113963-113966	L&N 77-3	4,500	94,500	12,291	258,111	16,791	352,611
28	FMS	70-Ton Bulkhead Flat Cars	990600-990601 990800-990802 990825-990833 990900-990909 990100-990103	L&N 77-4	4,500	126,000	12,258	343,224	16,758	469,224
9	FB	100-Ton Bulkhead Flat Cars	990300-990308	L&N 77-4	4,500	40,500	10,321	92,889	14,821	133,389

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SCHEDULE A--RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT (cont'd)

Quantity	AAR Mechanical Designation	Description	L&N Railroad Road Numbers (Inclusive)	Builder's Specifica- tion Number	Hulk Purchase Price		Base Reconstruction Cost		Purchase Price	
					Per Unit	Total	Per Unit	Total	Per Unit	Total
2	FMS	100-Ton Bulkhead Flat Cars	900500-990501	L&N 77-4	\$4,500	\$ 9,000	\$11,112	\$ 22,224	\$15,612	\$ 31,224
33	LP	70-Ton Pulpwood to Welded Rail Cars	42967-42999	L&N 77-5	4,500	148,500	15,342	506,286	19,842	654,786
50	LO	70-Ton Covered Hopper Cars to Ballast Cars	45051-45100	L&N 77-6	4,500	225,000	12,074	603,700	16,574	828,700
24	LO	70-Ton Covered Hopper Cars	37163-37172 201929-201942	L&N 77-2	4,500	108,000	13,831	331,944	18,331	439,944
19	LO	100-Ton Covered Hopper Cars	201600-201614 201943-201944 201981-201982	L&N 77-2	4,500	85,500	13,831	262,789	18,331	348,289

SCHEDULE A--RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT (cont'd)

Quantity	AAR Mechanical Designation	Description	L&N Railroad Road Numbers (Inclusive)	Builder's Specifica- tion Number	Hulk Purchase Price		Base Reconstruction Cost		Purchase Price	
					Per Unit	Total	Per Unit	Total	Per Unit	Total
82	HT	70-Ton Open Top Hopper Cars	76312-76393	L&N 77-1	\$4,500	\$ 369,000	\$10,714	\$ 878,548	\$15,214	\$1,247,548
95	HT	80-Ton Open Top Hopper Cars	189644-189738	L&N 77-1	4,500	427,500	10,714	1,017,830	15,214	1,445,330
16	HT	100-Ton Open Top Hopper Cars	192041-192056	L&N 77-1	4,500	72,000	11,018	176,288	15,518	248,288
200	GB	70-Ton Gondola Cars	27228-27325 27500-27553 27700-27747	L&N 77-7	4,500	900,000	11,416	2,283,200	15,916	3,183,200
058						<u>\$4,761,000</u>		<u>\$12,539,000</u>		<u>\$17,500,000</u>

SCHEDULE B

Schedule of Closings

Item 1: August 18, 1977.

Item 2:	September 20, 1977	\$ 9,336,000
	October 20, 1977	17,136,000
	November 21, 1977	17,500,000
	December 20, 1977	17,500,000
	January 26, 1978	17,500,000

EXHIBIT A
TO RECONSTRUCTION AND
CONDITIONAL SALE AGREEMENT

TRANSFER AGREEMENT

June 1, 1977

Mercantile-Safe Deposit and
Trust Company, not in its
individual capacity but
solely as Agent,
P. O. Box 2258
Baltimore, Maryland 21203

Attention of Mr. Russell E. Schreiber,
Corporate Trust Officer.

The undersigned proposes to acquire the used railroad equipment described in Annex I hereto (hereinafter called the Hulks) from Louisville and Nashville Railroad Company (hereinafter called the Railroad) and desires to have such Hulks reconstructed. The undersigned hereby agrees with you as follows:

1. In order to cause the Hulks to be reconstructed and sold to us by you on conditional sale, the undersigned hereby assigns and transfers to you, without warranties as to title or workmanship, security title to the Hulks.

2. You will hold security title under and pursuant to the Reconstruction and Conditional Sale Agreement dated as of June 1, 1977 (hereinafter called the Agreement), among you, L & N Investment Corporation (hereinafter called the Builder) and us and you will request that the Hulks be reconstructed, pursuant thereto in accordance with the specifications referred to in Schedule A thereto. In accordance with the Agreement the undersigned will cause the Hulks to be delivered to the Builder on your behalf.

3. Upon completion of the reconstruction, the reconstructed Hulks will be delivered and conditionally sold by you to us in accordance with the Agreement.

4. If Hulks are excluded from the Agreement you shall reassign to us your interest in such Hulks, without warranty.

5. It is understood and agreed that this letter agreement is being entered into solely to permit you to effectuate the foregoing and your interests in the Hulks, in present form or as reconstructed, is a security interest and that we shall at all times be the beneficial owner of the same.

6. It is understood and agreed that this letter agreement may be executed by you and us in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart; that it shall not be necessary that any counterpart be signed by both of us so long as each of us shall sign at least one counterpart; and that this letter agreement shall be valid, binding and effective at such time as each of us shall have executed this letter agreement and you shall have received (or as to which you shall have received attested telegraphic communication confirming execution of) a counterpart executed by the undersigned.

7. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the undersigned, are made and intended not as personal representations, undertakings and agreements by First Security Bank of Utah, National Association or for the purpose or with the intention of binding said association personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement dated as of June 1, 1977, between BWL, Inc. and the undersigned (hereinafter called the Trust Agreement), subject to the limitations of Article 3 thereof, and this letter agreement is executed and delivered by the undersigned not in its own right but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of gross negligence or wilful misconduct, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said association on account of this

letter agreement or on account of any representation, undertaking or agreement of the undersigned either expressed or implied, all such personal liability, if any, being expressly waived and released by you and by all persons claiming by, through or under you.

If the foregoing is in accordance with your understanding, please sign each of the enclosed counterparts of this letter in the space provided and return one counterpart to us.

Very truly yours,

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, not in an
individual capacity but solely
as Trustee,

by

[SEAL]

Authorized Officer

Attest:

by

Authorized Officer

ACCEPTED:

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, not in its
individual capacity but
solely as Agent,

by

Assistant Vice President

STATE OF MARYLAND,)
) ss.:
CITY OF BALTIMORE,)

On this day of July 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is Assistant Vice President of Mercantile-Safe Deposit and Trust Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was a free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My commission expires

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of July 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of First Security Bank of Utah, National Association, that the seal affixed to the foregoing instrument is the seal of said association and that said instrument was signed and sealed on behalf of said association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was a free act and deed of said association.

Notary Public

[NOTARIAL SEAL]

My commission expires

TRANSFER AGREEMENT

ANNEX I

<u>Quantity</u>	<u>Description</u>	<u>Prefix and Road Numbers</u>
1	50-Ton Box Car	L&N 97329
14	50-Ton Box Cars	L&N 97230, 97285, 97337, 97413, 97435, 97437, 97467, 97475, 97479, 97526, 97529, 99702, 99778, 99794
89	50-Ton Box Cars	L&N 106078, 106558, 106568, 106585, 106590, 106598, 107028, 107046, 107053, 107083, 107094, 107100, 107131, 107136, 107137, 107161, 107167, 107184, 107186, 107195, 108151, 108265, 108313, 108317, 108348, 108375, 108429, 108457, 108478, 108479, 108489, 108493, 108570, 108657, 108677, 108737, 108782, 108794, 108802, 108813, 108818, 108825, 108826, 108841, 108848, 108852, 108853, 108861, 108880, 108922, 108932, 108935, 108938, 108959, 108977, 108986, 108995, 108997, 109005, 109011, 109015, 109019, 109025, 109037, 109042, 109050, 109059, 109076, 109082, 109092, 109100, 109105, 109108, 109120, 109123, 109132, 109158, 109162, 109168, 109170, 109199, 109224, 109258, 109262, 109298, 109309, 109326, 109340, 109388
147	50-Ton Box Cars	MON 1394, 1495, 1705, 1733, 1740 L&N 106001, 106007, 106013, 106015, 106017, 106022, 106027, 106030, 106033, 106034, 106037, 106039, 106042, 106045, 106051, 106052, 106055, 106060,

<u>Quantity</u>	<u>Description</u>	<u>Prefix and Road Numbers</u>
147	50-Ton Box Cars continued	L&N 106061, 106063, 106072, 106073, 106074, 106075, 106079, 106080, 106087, 106088, 106095, 106096, 106570, 106573, 106581, 106588, 106589, 107007, 107019, 107026, 107035, 107037, 107054, 107062, 107063, 107079, 107081, 107088, 107097, 107101, 107102, 107115, 107121, 107133, 107152, 107156, 107159, 107168, 107178, 107182, 107183, 107192, 107194, 108013, 108063, 108073, 108134, 108153, 108156, 108182, 108184, 108189, 108203, 108210, 108241, 108245, 108279, 108288, 108307, 108341, 108376, 108409, 108414, 108442, 108458, 108466, 108511, 108551, 108555, 108640, 108649, 108687, 108691, 108723, 108753, 108786, 108811, 108814, 108827, 108835, 108843, 108846, 108855, 108864, 108872, 108899, 108901, 108923, 108939, 108946, 108950, 108954, 108963, 108969, 108970, 108973, 108989, 109002, 109004, 109014, 109022, 109031, 109039, 109041, 109096, 109112, 109122, 109149, 109163, 109177, 109203, 109229, 109235, 109236, 109261, 109263, 109266, 109267, 109268, 109269, 109271, 109307, 109331, 109336
5	50-Ton Box Cars	MON 2000, 2001, 2004, 2500, 2503
18	50-Ton Box Cars	L&N 97516, 97527, 97531, 97547, 98011, 98053, 98101, 98206, 98351, 98398, 98421, 98427, 98428, 98454, 98495, 98499, 98500, 98534

<u>Quantity</u>	<u>Description</u>	<u>Prefix and Road Numbers</u>
25	50-Ton Box Cars	L&N 98021, 98129, 98153, 98163, 98168, 98175, 98194, 98195, 98209, 98223, 98263, 98310, 98324, 98370, 98415, 98423, 98430, 98474, 98475, 98519, 98522, 98524, 98559, 98574 98596
19	70-Ton Box Cars	L&N 101738, 101787, 101790, 101907, 101913, 101955, 101962, 101963, 102038, 102045, 102054, 102059, 102069, 102201, 102290, 102339, 102341, 102427, 102518
63	70-Ton Box Cars	L&N 101107, 101119, 101138, 101139, 101143, 101147, 101171, 101267, 101364, 101616, 101639, 101685, 101752, 101803, 101839, 101854, 101966, 102002, 102027, 102079, 102117, 102186, 102218, 102223, 102231, 102241, 102246, 102254, 102274, 102287, 102289, 102292, 102295, 102316, 102318, 102337, 102344, 102346, 102352, 102353, 102356, 102374, 102384, 102389, 102390, 102392, 102407, 102411, 102433, 102435, 102442, 102451, 102455, 102469, 102498, 102513, 102514, 102516, 102517, 102521, 102527, 102534, 102554
34	70-Ton Box Cars	L&N 100012, 100045, 100052, 100060, 100073, 100075, 100077, 100100, 100203, 100213, 100222, 100312, 100337, 100356, 100366, 100377, 100382, 100401, 100437, 100449, 100488, 100502, 100519, 100584, 100604, 100643, 100672, 100706, 100730, 100733, 100747, 100797, 101013, 101089

<u>Quantity</u>	<u>Description</u>	<u>Prefix and Road Numbers</u>
64	70-Ton Box Cars	L&N 100019, 100024, 100035, 100064, 100066, 100070, 100071, 100079, 100080, 100082, 100087, 100091, 100098, 100101, 100103, 100115, 100117, 100120, 100158, 100183, 100189, 100191, 100196, 100219, 100237, 100243, 100251, 100258, 100262, 100278, 100281, 100283, 100306, 100313, 100321, 100328, 100332, 100338, 100379, 100381, 100387, 100436, 100445, 100467, 100503, 100506, 100572, 100586, 100632, 100642, 100719, <u>100734</u> , 100746, 100767, 101012, 101042, 101048, 101050, 101081, 101169, 101180, 101419, 191481, 101498
6	100-Ton Box Cars	L&N 101455, 101456, 101462, 101477, 101482, 101494
1	100-Ton Box Car	L&N 107567
10	100-Ton Box Cars	L&N 107530, 107532, 107539, 107540, 107547, 107549, 107565, 107594, 107595, 107597
1	100-Ton Box Car	L&N 101517
3	100-Ton Box Cars	L&N 101520, 101531, 101539

<u>Quantity</u>	<u>Description</u>	<u>Prefix and Road Numbers</u>
28	70-Ton Bulkhead Flat Cars	L&N 22482, 22489, 22494, 22501, 22522, 22526, 22546, 22551, 22569, 22570, 22573, 22577, 22599, 22618, 22623, 22639, 22649, 22745, 22748, 23929, 23930, 23940, 23960, 23961, 23971, 23976, 23978, 23996
9	100-Ton Bulkhead Flat Cars	L&N 22301, 22303, 22305, 22308, 22311, 22313, 22315, 22316, 22317
2	100-Ton Bulkhead Flat Cars	L&N 22982, 22985
33	Pulpwood Cars to Welded Rail Cars 70-Ton	L&N 20520, 20531, 20539, 20544, 20561, 20564, 20568, 20569, 20586, 20598, 20599, 20618, 20623, 20631, 20664, 20669, 20678, 20696, 20709, 20715, 20718, 20722, 20764, 20774, 20777, 20782, 20791, 20796, 20800, 20814, 20849, 20850, 20875
50	Covered Hoppers to Ballast Cars 70-Ton	L&N 37872, 37876, 37878, 37880, 37881, 37885, 37891, 37896, 37897, 37899, 37904, 37906, 37916, 37918, 37921, 37928, 37934, 37944, 37946, 37949, 37950, 37965, 37966, 37976, 37983, 37984, 37989, 37997, 38001, 38004, 38007, 38012, 38018, 38027, 38039, 38041, 38088, 38111, 38122, 38146, 38156, 38159, 38204, 38220, 38224, 38265, 38312, 38339, 38430, 38434

<u>Quantity</u>	<u>Description</u>	<u>Prefix and Road Numbers</u>
43	Covered Hoppers	L&N 37431, 37440, 37442,
		37473, 37475, 37482,
	70-Ton	37509, 37553, 37554,
		37622, 37654, 37677,
		37703, 37737, 37745,
		37751, 37781, 37802,
		37813, 37816, 37844,
	100-Ton	38545, 38563, 38584...
		38680, 38717, 38815,
		38820, 201154, 201185,
		201215, 201232, 201238,
		201259, 201274, 201292,
		201304, 201310, 201327,
		201391, 201420, 201428,
		201446
193	Open-Top Hopper Cars	L&N 150059, 150449, 150472,
		150675, 150700, 150732,
		150844, 150891, 151327,
	70-Ton	152162, 152441, 152564,
		152626, 152816, 152852,
		152933, 153031, 153034,
		153084, 153093, 153148,
		153151, 153166, 153183,
		153218, 153288, 153429,
		153505, 153534, 153611,
		153822, 153833, 153915,
		153952, 154015, 154017,
		154071, 154167, 154175,
		154206, 154213, 154329,
		154451, 154547, 154580,
		154590, 154720, 154728,
		154734, 154781, 154782,
		154822, 154858, 154877,
		155006, 155025, 155036,
		155083, 155114, 155132,
		155160, 155198, 155228,
		155268, 155372, 155397,
		155399, 155401, 155423,
		155462, 155513, 155566,
		155598, 155632, 155655,
		155658, 155749, 155776,
	80-Ton	155817, 155952, 156014, 156037...
		180082, 180108,
		180195, 180307, 180350,
		180419, 180630, 180739,
		180811, 180899, 180922,
		180977, 182138, 182236,
		182281, 182418, 182432,
		182549, 182591, 182593,
		182598, 182675, 182710,
		182848, 182946, 183032,

<u>Quantity</u>	<u>Description</u>	<u>Prefix and Road Numbers</u>
193	Open-Top Hopper Cars	L&N 183260, 183270, 183357, 183362, 183367, 183380, 183490, 183590, 183628, 183703, 183714, 183880, 183995, 184029, 184037, 184046, 184048, 184052, 184195, 184197, 184201, 184207, 184264, 184414, 184457, 184494, 184556, 184561, 184608, 184610, 184614, 184732, 184793, 184830, 184958, 184973, 185083, 185108, 185198, 185227, 185244, 185247, 185256, 185385, 185418, 185420, 185530, 185637, 185656, 185812, 186021, 186085, 186769, 186934, 186959, 186967, 187018, 187067, 187385, 187542, 187565, 188174, 188398, 188631, 188788, 188854, 188913, 189117, 189287... 191011, 191020, 191091, 191144, 191311, 191354, 191381, 191395, 191479, 191509, 191523, 191586, 191610, 191629, 191704, 191745
	100-Ton	

<u>Quantity</u>	<u>Description</u>	<u>Prefix and Road Numbers</u>
98	Gondola Cars	L&N 39028, 39029, 39030, 39057, 39066, 39079, 39084, 39101, 39104, 39116, 39118, 39128, 39139, 39141, 39143, 39165, 39166, 39167, 39177, 39179, 39184, 39189, 39206, 39208, 39216, 39219, 39223, 39236, 39238, 39243, 39244, 39253, 39255, 39259, 39264, 39272, 39273, 39275, 39280, 39281, 39292, 39302, 39304, 39313, 39330, 39334, 39340, 39341, 39343, 39350, 39366, 39368, 39369, 39370, 39388, 39390, 39411, 39419, 39423, 39436, 39438, 39442, 39443, 39448, 39463, 39465, 39472, 39475, 39480, 39751, 39754, 39760, 39763, 39769, 39772, 39787, 39796, 39804, 39806, 39824, 39834, 39841, 39849, 39850, 39857, 39859, 39885, 39887, 39898, 39919, 39925, 39951, 39954, 39956, 39958, 39969, 39970, 39974
102	Gondola Cars	L&N 39521, 39523, 39528, 39529, 39536, 39541, 39545, 39550, 39551, 39556, 39559, 39564, 39569, 39577, 39578, 39583, 39586, 39600, 39603, 39610, 39614, 39615, 39616, 39618, 39620, 39621, 39628, 39630, 39637, 39648, 39653, 39661, 39662, 39669, 39673, 39678, 39687, 39690, 39691, 39695, 39696, 39701, 39716, 39732, 39735, 39736, 39737, 39738,

<u>Quantity</u>	<u>Description</u>	<u>Prefix and Road Numbers</u>
102	Gondola Cars continued	L&N 170013, 170097, 170099, 170114, 170152, 170220, 170226, 170238, 170271, 170300, 170307, 170323, 170504, 170521, 170534, 170576, 170577, 170595, 170610, 170621, 170655, 170672, 170684, 170700, 170706, 170758, 170783, 170824, 170836, 170839, 170868, 170885, 170902, 171029, 171044, 171104, 171123, 171163, 171172, 171210, 171220, 171249, 171269, 171299, 171371, 171568, 171595, 171602, 171608, 171612, 171642, 171655, 171702, 171714

EXHIBIT B
to the
RECONSTRUCTION AND
CONDITIONAL SALE
AGREEMENT

LEASE OF RAILROAD EQUIPMENT

Dated as of June 1, 1977

Between

LOUISVILLE AND NASHVILLE RAILROAD COMPANY

and

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
not in its individual capacity but solely as Owner Trustee

LEASE OF RAILROAD EQUIPMENT

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* This Table of Contents has been included in this document for convenience only and does not form a part of, or affect any construction or interpretation of this document.

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LEASE OF RAILROAD EQUIPMENT, dated as of June 1, 1977, between LOUISVILLE AND NASHVILLE RAILROAD COMPANY (hereinafter called the Lessee) and FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity but solely as Trustee (hereinafter called the Lessor or the Vendee) under a Trust Agreement dated as of June 1, 1977 (hereinafter called the Trust Agreement), with BWL, Inc. (hereinafter called the Beneficiary).

Mercantile-Safe Deposit and Trust Company, not in its individual capacity but solely as Agent under a Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement) with the Lessor, the Lessee, the Beneficiary and the parties named in Schedule A thereto (said Agent, as so acting, being hereinafter, together with its successors and assigns, called the Vendor), L & N Investment Corporation (hereinafter called the Builder) and the Vendee are entering into a Reconstruction and Conditional Sale Agreement dated as of the date hereof (hereinafter called the Security Document), wherein the Vendor has agreed to sell to the Vendee its interest in the railroad equipment described in Schedule A hereto after it has been reconstructed by the Builder.

The Lessee desires to lease all the units of said equipment, or such lesser number as are delivered, accepted and settled for under the Security Document on or prior to the Cut-Off Date (as defined in Article 3 of the Security Document) (such units being hereinafter called the Units), at the rentals and for the terms and upon the conditions hereinafter provided.

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions, but subject to all the rights and remedies of the Vendor under the Security Document:

Section 1. Delivery and Acceptance of Units. The Lessor will cause each Unit to be tendered to the Lessee

at the point or points within the United States of America at which such Unit is delivered to the Lessor under the Security Document. Upon such tender, the Lessee will cause an authorized representative of the Lessee to inspect the same, and if such Unit is found to be in good order, to accept delivery of such Unit and execute and deliver to the Lessor and the Builder a certificate of acceptance and delivery (hereinafter called the Certificate of Delivery), whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

Section 2. Rental. The Lessee agrees to pay to the Lessor as rental for each Unit subject to this Lease two interim and 20 consecutive semiannual payments. The interim payments are payable on July 20, 1978 and the Cut-Off Date (as defined in the Participation Agreement) (or as promptly thereafter as practicable) (or if any of such date is not a business day, on the next succeeding business day). The 20 semiannual payments are payable on January 20 and July 20 in each year, commencing January 20, 1979, to and including July 20, 1988. The interim payment on July 20, 1978, shall be in an amount equal to the product of the Purchase Price (as such term is defined in the Security Document) for each Unit subject to the Lease multiplied by .023611% for each day (computed on the basis of a 360-day year of twelve 30-day months) elapsed from and including the date such Unit is settled for under the Security Document to but not including July 20, 1978. The interim payment payable on the Cut-Off Date (or as promptly thereafter as practicable) shall be in an amount equal to the amount payable by the Owner Trustee to the Agent pursuant to clause (a) of the last paragraph of Paragraph 9 of the Participation Agreement. The interim payment payable July 20, 1978 shall be increased by an amount equal to the amounts required by the Lessor to make the payments provided for in clause (b) of the last paragraph of Paragraph 9 of the Participation Agreement. The 20 semiannual rental payments with respect to each Unit shall each be in an amount equal to 5.77131% of the Purchase Price of each such Unit then subject to this Lease. The foregoing rental rates have been calculated on the assumption that 74% of the Purchase Price of the Units will be provided by the Vendor out of Investors' Funds (as such term is defined in Paragraph 6 of the Participation Agreement). If for any reason the Investors' Funds are not available and the Lessor pays more than 26% of the Purchase Price of any Unit pursuant to

the third paragraph of Article 3 of the Security Document on a Closing Date (as such term is defined in the Security Document) or if the delivery date of any reconstructed equipment is later than December 31, 1977, the Lessor and the Lessee agree that the rentals payable hereunder and the Casualty Value percentages set forth in Schedule B hereto will be appropriately adjusted in order that the Beneficiary's after-tax return on and rate of recovery of investment and the annual net cash flows (computed on the same assumptions, including, without limitation, tax rates, as were utilized by the Beneficiary in originally evaluating this transaction) will not be increased or decreased by reason thereof; provided, however, that the rentals and Casualty Value percentages, as so adjusted, shall be sufficient to satisfy the obligations of the Lessor under the Security Document, notwithstanding any limitation of liability contained therein.

If any of the rental payment dates referred to above is not a business day the rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, or Baltimore, Maryland, are authorized or obligated to remain closed.

The Lessor irrevocably instructs the Lessee to make, and the Lessee agrees to make, all the payments provided for in this Lease for the account of the Lessor or its assigns, care of the Vendor at P. O. Box 2258, Baltimore, Maryland 21203, Attention of Corporate Trust Department, not later than 10:00 a.m., Baltimore time, on the date upon which such payments are due and payable. Such payments shall be accompanied by instructions to the Vendor, first, to apply such payments to satisfy the obligations of the Lessor under the Security Document, subject to the limitations contained in the last paragraph of Article 3 of the Security Document, and, second, so long as no event of default or event which with the lapse of time and/or demand provided for in the Security Document could constitute an event of default under the Security Document shall have occurred and be continuing, to pay any balance not later than the first business day following such receipt from the Lessee by wire transfer of immediately available funds to such Bank in the continental United States for the account of the Beneficiary as the Beneficiary from time to time shall have directed the Vendor in writing, and if no such direction shall have been given,

by check of the Vendor payable to the order of the Beneficiary and mailed to the Beneficiary in the manner provided in Section 17 hereof. The Vendor shall further be instructed to forward to the Lessor promptly following disbursement of any such balance written confirmation thereof by mail in the manner provided in Section 17 hereof. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in New York or Baltimore Clearing House Funds in the city where such payment is to be made.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease or under the Security Document, or the Builder or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to any of the Units or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against Lessee's use of all or any of the Units, the taking or requisitioning of any of the Units by condemnation or otherwise, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency, bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the

Lessor for any reason whatsoever.

Section 3. Term of Lease. The term of this Lease as to each Unit shall begin on the date of the delivery to and acceptance by the Lessee of such Unit and, subject to the provisions of Sections 6, 9 and 12 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due hereunder.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the Security Document. If an event of default should occur under the Security Document, the Vendor may terminate this Lease (or rescind its termination), all as provided therein.

Section 4. Identification Marks. The Lessee, so long as this Lease shall remain in effect, will cause each Unit to be kept numbered with the road number set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such Unit, the legend required by Article 8 of the Security Document or other appropriate markings designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Lessor's and Vendor's title to and property in such Unit and the rights of the Lessor under this Lease and of the Vendor under the Security Document. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such legend shall have been so marked on both sides thereof and will replace promptly any such legend which may be removed, obliterated, defaced or destroyed. The Lessee will not change the road number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease and the Security Document shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to that effect and to the further effect that such filing, recordation and deposit will protect the Vendor's and the Lessor's interests in such Units and that no filing, recording, depositing or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Lessor in such Units.

Except as above provided, the Lessee, so long as this Lease shall remain in effect, will not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Units to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of their rights to use the Units as permitted under this Lease.

Section 5. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, Federal or foreign taxes (other than any United States Federal income tax and, to the extent that the Lessor receives credit therefor against its United States Federal income tax liability, any foreign income tax payable by the Lessor in consequence of the receipt of payments provided herein and other than the aggregate of all state and city income taxes and franchise taxes measured by net income based on such receipts or gross receipts taxes other than gross receipts taxes in the nature of sales or use taxes, up to the amount of any such taxes which would be payable to the state and city in which the Beneficiary has its principal place of business without apportionment to any other state or city, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), assessments, documentary stamp taxes, or license fees and any charges, fines or penalties in connection therewith (hereinafter called impositions) now or hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Security Document, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any impositions so long

as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the advance opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder or under the Security Document. If any impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor.

In the event that the Lessor shall become obligated to make any payment to the Vendor pursuant to Article 5 of the Security Document not covered by the foregoing paragraph of this Section 5, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said Article 5.

In the event any reports with regard to impositions are required to be made on the basis of individual Units or otherwise, the Lessee will, where permitted to do so under applicable rules or regulations, make and timely file such reports in such manner as to show the interest of the Lessor and the Vendor in the Units as shall be satisfactory to the Lessor and the Vendor or, where not so permitted, will notify the Lessor and the Vendor of such requirement and will prepare and deliver such reports to the Lessor and the Vendor within a reasonable time prior to the time such reports are to be filed in such manner as shall be satisfactory to the Lessor and the Vendor.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any impositions, pursuant to this Section 5, such liability shall continue, notwithstanding the expiration of this Lease, until all such impositions are paid or reimbursed by the Lessee.

Section 6. Maintenance; Payment for Casualty Occurrences; Insurance. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by

the United States Government for a stated period which shall exceed the then remaining term of this Lease or for an indefinite period, but only when such indefinite period shall exceed the term of this Lease or by any other governmental entity resulting in loss of possession by the Lessee for a period of 90 consecutive days or until the end of the term of this Lease (each such occurrence being hereinafter called a Casualty Occurrence) prior to the return of such Unit in the manner set forth in Section 14 hereof, the Lessee shall, within thirty days after it shall have determined that such Unit has suffered a Casualty Occurrence, fully notify the Lessor and the Vendor in writing with respect thereto. Notwithstanding any such Casualty Occurrence, the Lessee shall continue making all payments provided for in this Lease in respect of such Unit until the rental payment date listed in Table 1 of Schedule B hereto next succeeding such notice. On such rental payment date the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus an amount equal to the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with Schedule B hereto. Upon the making of all such payments by the Lessee in respect of any Unit, the rental for such Unit shall thereafter cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent, to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be an amount equal to the sum of (a) that percentage of the Purchase Price of such Unit as is set forth in Table 1 of Schedule B hereto opposite such date with respect to such Unit plus (b) if applicable to such Unit, that percentage of the Reconstruction Cost thereof as set forth in Table 2 of said Schedule B with respect to such Unit.

Whenever any Unit shall suffer a Casualty Occurrence at the end of the term of this Lease or after termina-

tion of this Lease and before such Unit shall have been returned in the manner provided in Section 13 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be an amount equal to 20% of the Purchase Price of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering such Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

Except as hereinabove in this Section 6 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the responsibility for and risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Lessee hereunder.

The Lessee will, at all times prior to the return of the Equipment to the Lessor, at its own expense, cause to be carried and maintained property insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned by it, and the benefits thereof shall be payable to the Vendor, the Lessor and the Lessee, as their interests may appear, so long as the indebtedness, if any, evidenced by the Security Document shall not have been paid in full, and thereafter to the Lessor and the Lessee as their interests may appear. If the Lessor shall receive any insurance proceeds from insurance maintained by the Lessee pursuant hereto or condemnation payments in respect of a Unit suffering a Casualty Occurrence, the Lessor shall, subject to the Lessee having made payment of the Casualty Value in respect of such Unit, pay such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee and any balance of such proceeds or condemnation payments shall remain the property of the Lessor. All insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of

which such proceeds were paid has been fully repaired.

Section 7. Annual Reports. On or before March 31 in each year, commencing with the calendar year 1978, the Lessee will cause to be furnished to the Lessor, the Beneficiary, the Vendor and Comdisco Financial Services, Inc. (at the addresses shown in Section 17 hereof), an accurate statement, as of the preceding December 31, showing the amount, description and numbers of the Units (a) then leased hereunder and/or covered by the Security Document, (b) that have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Lease in the case of the first such statement) and (c) then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs and setting forth such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request, and stating that, in the case of all Units repainted or repaired during the period covered by such statement, the markings required by Section 4 hereof and by Article 8 of the Security Document shall have been preserved or replaced. The Lessor and the Beneficiary, respectively, shall have the right at its sole cost, risk and expense, by its authorized representatives, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor or the Beneficiary, respectively, may request during the continuance of this Lease.

The Lessee will furnish to the Lessor, the Vendor, the Beneficiary and the parties named in Schedule A to the Participation Agreement (i) within 45 days after the end of each of the first three quarterly fiscal periods of the Lessee, statements of income and surplus of the Lessee and its consolidated subsidiaries as of the close of such periods, in comparative form with the corresponding fiscal period in the preceding fiscal year, in reasonable detail and certified by any Vice President or the Treasurer of the Lessee, (ii) within 90 days after the close of each of the fiscal years of the Lessee, balance sheets of the Lessee and its consolidated subsidiaries as of the close of such fiscal years, together with the related statements of income and surplus and source and application of funds for such fiscal years, in comparative form with the preceding fiscal year, all in reasonable detail and certified by a recognized national firm of independent public accountants, (iii) within 90 days after the close of the fiscal year of the Lessee, if requested by the Beneficiary or the Vendor, a certificate of the Lessee, signed by a principal financial

officer, to the effect that the signer has reviewed the relevant terms of this Lease, the Participation Agreement and the Security Document and has made, or caused to be made under his supervision, a review of the transactions and condition of the Lessee during the preceding fiscal year, and that such review has not disclosed the existence during such period, nor does the signer have knowledge of the existence, as at the date of such certificate, of any condition or event which constitutes a default, an Event of Default or event of default or which, after notice or lapse of time or both, would constitute such a default, an Event of Default or event of default or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action the Lessee has taken or is taking or proposes to take with respect thereto, (iv) promptly upon the filing of the same, the reports of the Lessee filed with the Interstate Commerce Commission on Form R-1 and (v) from time to time such other information as the Lessor or the Beneficiary may reasonably request. The Lessee will furnish the Lessor from time to time on request such information as the Lessee or the Lessor may be required to furnish to any person pursuant to the Security Document.

Section 8. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE, OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder under the provisions of Article 12 of the Security Document; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsi-

bility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation, or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Delivery shall be conclusive evidence as between the Lessee and the Lessor that all Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters..

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all applicable laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that, prior to the expiration of this Lease or any renewal thereof, such laws or rules require any alteration, replacement, addition or modification of or to any part of any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the advance opinion of the Lessor or the Vendor, adversely affect the property or rights of the Lessor or the Vendor, respectively, under this Lease or under the Security Document. The Lessee, at its own cost and expense, may furnish additions, modifications and improvements to the Units during the term of this Lease provided that such additions, modifications and improvements are readily removable without causing material damage to the Units. The additions, modifications and improvements made by the Lessee under the first sentence of this paragraph shall be owned by the Lessor, and the additions, modifications and improvements made by the Lessee under the second sentence of this paragraph shall be owned by the Lessee. Upon or prior to the return of any Unit by the Lessee to the Lessor pursuant to Section 10 or 13 hereof, the Lessee agrees that it will, at its expense, remove any additions, modifications and improvements made by the Lessee

pursuant to the second sentence of this paragraph without causing material damage to such Unit. In the event the Lessee shall make any alteration, replacement, addition or modification to any Unit pursuant to the first sentence of this paragraph (the "Alterations"), the Lessor agrees that it will include the cost thereof in its gross income for Federal income tax purposes. The Lessee agrees that, within 30 days after the close of any calendar year (or in the event the Lessor gives the Lessee written notice that the Beneficiary's taxable year closes on a date specified therein other than December 31, within 30 days after said date) in which the Lessee has made Alterations, the Lessee will give written notice thereof to the Lessor describing, in reasonable detail, the Alterations and specifying the cost thereof with respect to each Unit.

The Lessee agrees to indemnify, protect and hold harmless the Lessor and the Vendor from and against all losses, damages, injuries, liabilities (including without limitation strict or absolute liabilities), claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, reasonable counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as a result of (i) the entering into or the performance of the Security Document, the Participation Agreement, the Hulk Purchase Agreement or this Lease, or any of the instruments or agreements referred to therein or herein or contemplated thereby or hereby, (ii) the ownership of any Hulk or any Unit, (iii) the ordering, acquisition, use, operation, condition, reconstruction, purchase, delivery, rejection, storage or return of any Hulk or any Unit, (iv) any accident in connection with the operation, use, condition, reconstruction, possession, storage or return of any Hulk or any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in Section 13 of this Lease or (v) the transfer of title to the Equipment by the Vendor pursuant to any provision of the Security Document. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the delivery of the Equipment or the full payment and performance of all obligations under this Lease and the Hulk Purchase Agreement or the expiration or termination of the term of this Lease and/or the Hulk Purchase Agreement. Nothing in this Section 8 shall constitute a guaranty by the Lessee of the Conditional Sale Indebtedness of the Lessor under the Security Document or a guaranty of the residual value of any Unit.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor or the Vendor of the Units or the leasing thereof to the Lessee.

Section 9. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an Event of Default) shall occur:

A. default shall be made in the payment of any amount provided for in Sections 2, 6 or 12 hereof and such default shall continue for ten days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest therein, or of the right to possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Participation Agreement and such default shall continue for 30 days after written notice from the Lessor or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

D. a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may hereafter be amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under the Security Document and this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings (whether or not subject to ratification) in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier;

E. any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee under this Lease, the Participation Agreement or the Consent under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder, under the Participation Agreement or under the Consent), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise

rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, under the Participation Agreement or under the Consent, as the case may be, shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case, the Lessor, at its option, may:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith

from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum, with respect to each Unit, equal to the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rental which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 5.55% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated; or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein

provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

Section 10. Return of Units upon Default. If this Lease shall terminate pursuant to Section 9 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Unit or Units so interchanged) place such Units upon such storage tracks of the Lessee as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) transport the same to any place on the lines of railroad operated by it or any of its affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction

in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence.

All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the per diem interchange rate for such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 10, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney-in-fact of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

Section 11. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. The Lessee hereby acknowledges notice of the assignment in respect of this Lease set forth in the Assignment of Lease and Agreement dated as of June 1, 1977, between the Lessor and the Vendor (a copy of which has been delivered to the Lessee) and agrees to make payments to the Vendor as

provided therein. The rights of the Lessor hereunder (including, but not limited to, the rights under Sections 5, 6, 8 and 9 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Vendor as assignee thereunder in the manner and to the extent therein provided. In the event that, pursuant to such assignment and the rights of the Vendor thereunder and under the Security Document, the Vendor shall at any time cause this Lease to be terminated, the Lessee agrees that following the payment in full by the Vendee of the entire unpaid Conditional Sale Indebtedness (as defined in the Security Document) together with interest thereon, the Vendee may enforce compliance by the Lessee with its covenants and agreements under this Lease.

So long as the Lessee shall not be in default under this Lease and no event of default exists under the Security Document, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease but, without the prior written consent of the Lessor and the Vendor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them. The Lessee, at its own expense, will promptly pay or discharge or cause to be duly discharged any and all sums claimed by any party which if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Vendor after the date hereof or resulting from claims against the Lessor or the Vendor not related to the ownership of the Units), upon or with respect to any Unit or the interest of the Lessor, the Vendor or the Lessee therein, and will promptly discharge any such lien, charge, security interest or other encumbrance which arises. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the next succeeding paragraph hereof.

Subject to the terms of this Lease, the Lessee shall be entitled to the possession of the Units and to the use thereof by it or any affiliate upon lines of railroad owned or operated by it or any such affiliate or upon the lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual

interchange of traffic and equipment, but only upon and subject to all the terms and conditions of this Lease, including the last paragraph of this Section 11, and the Security Document. The Lessee may receive and retain compensation for such use from other railroads so using any of the Units.

Nothing in this Section 11 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the railroad properties of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease.

The Lessee agrees that during the term of this Lease, it will not assign any Unit to service involving the regular operation and maintenance thereof outside the United States of America.

Section 12. Renewal Option; Right of First Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may elect, by written notice delivered to the Lessor not less than six months prior to the end of the original term of this Lease or the first extended term hereof, to extend the term of this Lease in respect of all, but not fewer than all, the Units covered by this Lease for an additional one-year period commencing on the scheduled expiration of the original term or the extended term of this Lease, as the case may be, provided that the Lessee may not so elect to extend the term of this Lease for more than two such additional one-year periods, at a rental payable in semiannual payments, in an amount equal to the "Fair Market Rental" of such Units as of the commencement of such extended term, such semiannual payments to be made on January 20 and July 20 in each year of the applicable extended term.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee (other than (i) a lessee currently in

possession or (ii) a used equipment dealer) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

If, after 50 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such rental shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 days after such notice is given, each party shall appoint an independent appraiser within 25 days after such notice is given, and the two appraisers so appointed shall within 35 days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 35 days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units subject to the proposed extended term within 90 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Rental of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Fair Market Rental. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee.

The Lessor agrees that (provided no default hereunder shall have occurred and be continuing) it will not sell such Units, or any of them, unless the Lessor shall have given the Lessee at least 30 business days' prior written notice of such sale, specifying the sale price and terms of such sale. The Lessee shall have during said 30 days the opportunity to purchase such Unit or Units at the same price and on the same terms as specified in such notice. Notwithstanding anything else to the contrary, the foregoing right of the Lessee shall expire 180 days after the termination of this Lease and any renewal thereof.

Section 13. Return of Units upon Expiration of Term. As soon as practicable on or after the expiration of the original or any extended term of this Lease with respect to any Unit but in any event not later than 90 days after such expiration, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks of the Lessee or any of its affiliates as the Lessor may designate or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to any connecting carrier for shipment, all as directed by the Lessor, the movement and storage of such Unit to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this Section 13 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable, and/or the applicable rules of any governmental agency or other organization with jurisdiction and (iii) have removed therefrom by the Lessee without cost or expense to the Lessor all additions, modifications and improvements which the Lessee owns pursuant to Section 8 hereof. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon applica-

tion to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units.

All amounts earned in respect of the Units after the end of the term of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after the end of the term of this Lease, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the per diem interchange rate for such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

Section 14. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 15. Recording; Expenses. The Lessee, at its own expense, will cause this Lease, the Security Document and any assignment hereof or thereof to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will undertake the filing, recording and depositing and re-filing, re-recording and redepositing required of the Lessor under the Security Document and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, re-register, re-record or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease or the assignment hereof to the Vendor, or the Security Document; and the Lessee will promptly furnish to the Vendor and the Lessor evidences of all such filing, registering, recording or depositing, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease and the Security Document shall

be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any unit.

Section 16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations when due hereunder shall result in the obligation on the part of the Lessee promptly to pay also an amount equal to 9-1/2% per annum of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

Section 17. Notices. Any instruction or notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States mails, first-class postage prepaid, addressed as follows:

if to the Lessor, at

79 South Main Street,
Salt Lake City, Utah 84111,

Attention of Corporate Trust Division,

with a copy to the Beneficiary and to Comdisco Financial Services, Inc., at

530 Bush Street,
San Francisco, California 94108,

if to the Lessee, at

908 West Broadway
Louisville, Kentucky 40201,

if to the Vendor, at

P. O. Box 2258,
Baltimore, Maryland 21203,

Attention of Corporate Trust Department,

in each case with a copy to Comdisco Financial Services, Inc., at

530 Bush Street,
San Francisco, California 94108,

if to the Beneficiary, at

One IBM Plaza, Suite 2700,
Chicago, Illinois 60611,

Attention of Manager, Leveraged Leasing,

or addressed to any such party at such other address as such party shall hereafter furnish to the other party in writing. Copies of each such notice shall be given to the Vendor as hereinabove provided.

Section 18. Effect and Modification of Lease.

Except for the Participation Agreement and the Indemnity Agreement dated as of the date hereof between the Lessee and the Beneficiary, this Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

Section 19. Definitions. Whenever the term "Lessor"

is used in this Lease it shall include the Beneficiary and any assignee and, where the context so requires shall refer only to the Beneficiary or such assignee. If and so long as this Lease is assigned to the Vendor (or any successor thereto) for collateral purposes, wherever the term "Lessor" is used in this Lease it shall also apply and refer to the Vendor and any successors thereto unless the context shall otherwise require and except that the Vendor shall not be subject to any liabilities or obligations under this Lease; and the fact that the Vendor is specifically named in certain provisions shall not be construed to mean that the Vendor (and any successors thereto) is not entitled to the benefits of other provisions where only the Lessor is named or where only the Vendor, as the case may be, is named.

Section 20. Execution. This Lease may be exe-

cuted in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Lessor shall be deemed to be the original counterpart. It shall not be necessary that any

counterpart be signed by both parties so long as each party shall sign at least one counterpart. This Lease shall be valid, binding and effective at such time as the Vendor shall have received (or as to which the Vendor shall have received attested telegraphic communication confirming execution of) counterparts executed by the Lessor and the Lessee. Although this Lease is dated as of the date first set forth above for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

Section 21. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the Commonwealth of Kentucky; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

Section 22. Immunities; No Recourse. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, covenants, undertakings and agreements by First Security Bank of Utah, National Association, or for the purpose or with the intention of binding said association personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by said First Security Bank of Utah, National Association, solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of gross negligence or wilful misconduct, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said association or the Beneficiary or on account of any representation, covenant, undertaking or agreement of the Lessor, either express or implied, all such personal liability, if any, being expressly waived and released by the Lessee.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by duly authorized officers, and their respective corporate seals

to be hereunto affixed and duly attested, all as of the date first above written.

FIRST SECURITY BANK OF UTAH, NATIONAL
ASSOCIATION, not in its individual
capacity but solely as Owner Trustee,

by

[Seal]

Authorized Officer

Attest:

Authorized Officer

LOUISVILLE AND NASHVILLE RAILROAD
COMPANY,

by

[Corporate Seal]

Asst. Vice President

Attest:

Attesting Officer

[illegible]

On this day of July 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, that one of the seals affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

Notary Public

[Notarial Seal]

By Commission expires

COMMONWEALTH OF KENTUCKY,)
: ss.:
COUNTY OF JEFFERSON,)

On this day of July 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is Assistant Vice President of LOUISVILLE AND NASHVILLE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that such instrument was this day signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE A

<u>Quantity</u>	<u>AAR Mechanical Designation</u>	<u>Description</u>	<u>Lessee's Road Numbers (Inclusive)</u>
251	XL	50-Ton Box Cars	96594-96703/96705-96799 110200 - 110202 111836 - 111878
48	XM	50-Ton Box Cars	110203 - 110241 111832 - 111835 111997 - 111999 112264 - 112265
180	XF/ XL	70-Ton Box Cars	111990 - 111996 112266 - 112367 112877 - 112945 113898 - 113899
21	XF/ XL/ XP	100-Ton Box Cars	113892 - 113897 113908 - 113913 113967 - 113971 113963 - 113966
28	FMS	70-Ton Bulkhead Flat Cars	990600 - 990601 990800 - 990802 990825 - 990833 990900 - 990909 990100 - 990103
9	FB	100-Ton Bulkhead Flat Cars	990300 - 990308
2	FMS	100-Ton Bulkhead Flat Cars	990500 - 990501
33	LP	70-Ton Pulpwood Cars to Welded Rail Cars	42967 - 42999
50	LO	70-Ton Covered Hopper Cars to Ballast Cars	45051 - 45100
24	LO	70-Ton Covered Hopper Cars	37163 - 37172 201929 - 201942
19	LO	100-Ton Covered Hopper Cars	201600 - 201614 201943 - 201944 201981 - 201982

SCHEDULE A

<u>Quantity</u>	<u>AAR Mechanical Designation</u>	<u>Description</u>	<u>Lessee's Road Numbers (Inclusive)</u>
82	HT	70-Ton Open Top Hopper Cars	76312 - 76393
95	HT	80-Ton Open Top Hopper Cars	189644 - 189738
16	HT	100-Ton Open Top Hopper Cars	192041 - 192056
200	GB	70-Ton Gondola Cars	27228 - 27325 27500 - 27553 27700 - 27747

EXHIBIT C to the
RECONSTRUCTION
AND CONDITIONAL
SALE AGREEMENT

ASSIGNMENT OF LEASE AND AGREEMENT

Dated as of June 1, 1977

between

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
not in its individual capacity but solely as Owner Trustee

and

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
not in its individual capacity but solely
as Agent

ASSIGNMENT OF LEASE AND AGREEMENT

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LESSEE'S CONSENT AND AGREEMENT	

ASSIGNMENT OF LEASE AND AGREEMENT dated as of June 1, 1977, by and between FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, not in its individual capacity but solely as Trustee under a Trust Agreement dated as of the date hereof (hereinafter called the Lessor or the Vendee) with BWL, INC (hereinafter called the Beneficiary), and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, not in its individual capacity but solely as Agent (hereinafter called the Vendor), under a Participation Agreement dated as of the date hereof.

The Vendee and the Vendor are entering into a Reconstruction and Conditional Sale Agreement dated as of the date hereof (hereinafter called the Security Document), with L&N Investment Corporation providing for the sale to the Vendee of the interest of the Vendor in such units of railroad equipment (hereinafter called the Units) described in Schedule A thereto as are delivered to and accepted by the Vendee thereunder.

The Lessor and Louisville and Nashville Railroad Company (hereinafter called the Lessee) have entered into a Lease of Railroad Equipment dated as of the date hereof (hereinafter called the Lease), providing for the leasing by the Lessor to the Lessee of the Units.

In order to provide security for the obligations of the Lessor under the Security Document and as an inducement to the Vendor to invest in the Conditional Sale Indebtedness (as that term is defined in the Security Document), the Lessor has agreed to assign for security purposes its rights in, to and under the Lease to the Vendor.

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Lessor as Vendee under the Security Document, all the Lessor's right, title and interest, powers, privileges, and other benefits under

the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the Payments), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease; provided, however, that such assignment and transfer shall be limited to the rights and interests of the Lessor under the Lease as above described and shall in no way be deemed to assign any right, title and interest, powers, privileges or other benefits of the Beneficiary which it may have obtained from the Lessee or otherwise with respect to the Units, including, without limitation, all right, title and interest, powers, privileges and benefits of the Beneficiary arising under the Indemnity Agreement dated as of June 1, 1977, between the Beneficiary and the Lessee. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all sums to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to Section 2 of the Lease. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the Security Document, and to provide for the payments required to be made by the Lessor to the Vendor pursuant to the last paragraph of Paragraph 9 of the Participation Agreement under which the Vendor is acting as Agent, and so long as no event of default (or event which, with notice or lapse of time, or both, could constitute an event of default) under the Security Document shall have occurred and be continuing, any balance shall be paid to the Lessor not later than the first business day following such receipt by wire transfer of immediately available funds by the Vendor to such bank in the continental United States for the account of the Beneficiary as the Beneficiary shall from time to time have directed the Vendor in writing, and if no such direction shall have been given, by check of the Vendor payable to the order of the Beneficiary and mailed to the Beneficiary

by certified mail, postage prepaid, at One IBM Plaza, Suite 2700, Chicago, Illinois 60611, Attention: Manager, Leveraged Leasing. If the Vendor shall not receive any rental payment under the first paragraph of Section 2 of the Lease when due, the Vendor shall notify the Lessor at the address set forth in the Lease; provided, however, that the failure of the Vendor to so notify the Lessor shall not affect the obligations of the Lessor hereunder or under the Security Document.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Lessor under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. To protect the security afforded by this Assignment the Lessor agrees that, without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void; provided, however, that the Lessor may amend or supplement the Lease to provide for an increase or decrease of amounts due as rentals under Section 2 thereof and/or Casualty Values under Section 6 thereof provided that no such decrease shall reduce said amounts below that which are necessary to satisfy the obligations of the Lessor under the Security Document, notwithstanding any limitation of liability of the Lessor contained therein.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks

or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Vendor may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Lessor's obligations under the Security Document and the Participation Agreement, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor.

6. If an event of default under the Security Document shall occur and be continuing, the Vendor may declare all sums secured hereby immediately due and payable and may apply all such sums against the amounts due and payable under the Security Document.

7. The Lessor will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, re-register, re-record or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Vendor in order to confirm or further assure, the interests of the Vendor hereunder.

8. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

9. The Lessor will pay and discharge any and all claims, liens, charges or security interests (other than created by the Security Document) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessor, or its successors and assigns (other than the Vendor), not arising out of the transactions contemplated by the Security Document or the Lease (but including tax liens arising out of the receipt of the income and proceeds from the Units) which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such rentals or other payments equal or superior to the Vendor's interest therein, unless the Lessor shall be contesting

the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect such interests of the Vendor.

10. This Assignment shall be governed by the laws of the State of Utah, but the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

11. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at its address set forth in Article 20 of the Security Document, or at such other address as the Vendor shall designate.

12. The Vendor hereby agrees with the Lessor that the Vendor will not, so long as no Event of Default under the Lease or event of default under the Security Document has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by this Assignment, except the right to receive and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Lease and the Security Document, the Lessor may, so long as no event of default under the Security Document or Event of Default under the Lease has occurred and is continuing, exercise or enforce, or seek to exercise or enforce or avail itself of, such rights, powers, privileges, authorizations or benefits.

13. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Paragraph 1 and Paragraph 3 hereof), (a) the terms of this Assignment shall not impose any obligations on the Lessor in addition to the obligations of the Lessor under the Lease or under the Security Document or in any way limit the effect of the last paragraph of Article 3 of the Security Document, Article 21 of the Security Document or Section 22 of the Lease, (b) so long as there is no event of default under the Security Document, and to the extent that the Vendor does not seek to receive and collect any Payments under the Lease in excess of the amounts required to discharge the obligations of the Lessor under the Security Document, the terms of this Assignment shall not limit or in any way affect the Lessor's right to receive and collect any Payments under the Lease in excess of the

obligations of the Lessor under the Security Document, or empower the Vendor in any way to waive or release the Lessee's obligation to pay such excess amounts, and the Lessor shall continue to be empowered to ask, demand, sue for, collect and receive any and all of such excess amounts, but shall not take any action under subparagraph (b) of Section 9 of the Lease without the written consent of the Vendor and (c) each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements by First Security Bank of Utah, National Association or for the purpose or with the intention of binding said trust company personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Assignment is executed and delivered by the said trust company solely in the exercise of the powers expressly conferred upon said trust company as trustee under the Trust Agreement, and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said trust company, except for wilful misconduct or gross negligence, or against the Beneficiary under the Trust Agreement or on account of any representation, undertaking or agreement of the Lessor or such Beneficiary, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under it, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

14. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart. This Assignment shall be valid, binding and effective at such time as the Vendor shall have executed a counterpart and received (or as to which the Vendor shall have received attested telegraphic communication confirming execution of) a counterpart executed by the Lessor.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their

respective corporate seals to be affixed and duly attested, all as of the date first above written.

MERCANTILE-SAFE DEPOSIT AND TRUST
COMPANY, not in its individual
capacity but solely as Agent,

by

Assistant Vice President

[Corporate Seal]

Attest:

Corporate Trust Officer

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, not in
its individual capacity but
solely as Trustee,

by

Authorized Officer

[Seal]

Attest:

Authorized Officer

[illegible]

On this day of July 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, that one of the seals affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

Notary Public

[Notarial Seal]

Wy Commission expires

STATE OF MARYLAND,)
) ss.:
CITY OF BALTIMORE,)

On this day of July 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is Assistant Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

LESSEE'S CONSENT AND AGREEMENT

The undersigned, LOUISVILLE AND NASHVILLE RAILROAD COMPANY, a corporation duly incorporated under the laws of the Commonwealth of Kentucky, the Lessee (hereinafter called the Lessee) named in the Lease (hereinafter called the Lease) referred to in the foregoing Assignment of Lease and Agreement (hereinafter called the Assignment), hereby (a) acknowledges receipt of a copy of the Assignment and (b) consents to all the terms and conditions of the Assignment and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for in the Lease (but not any indemnities or any sums payable to BWL, Inc. under the Indemnity Agreement referred to in the Assignment) directly to Mercantile-Safe Deposit and Trust Company, not in its individual capacity but solely as Agent (hereinafter called the Vendor), the assignee named in the Assignment, at P. O. Box 2258, Baltimore, Maryland 21203, Attention of Corporate Trust Department (or at such other address as may be furnished in writing to the undersigned by the Vendor);

(2) The Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the undersigned under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Vendor, be amended, terminated or modified, nor shall any action be taken or omitted by the undersigned, the taking or omission of which might result in an alteration or impairment of the Lease or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement may be executed in several counterparts, each of which when so executed shall be deemed an original, and such counterparts together shall constitute one and the same instrument. It shall not be

necessary that any counterpart be signed by both the Lessee and the Vendor so long as the Lessee and Vendor each shall sign at least one counterpart. This Consent and Agreement shall be valid, binding and effective at such time as the Vendor shall have executed a counterpart and shall have received (or as to which the Vendor shall have received attested telegraphic communication confirming execution of) a counterpart executed by the Lessee.

This Consent and Agreement, when executed as aforesaid by the Lessee and when accepted as aforesaid by the Vendor, shall be deemed to be a contract under the laws of the Commonwealth of Kentucky and, for all purposes, shall be construed in accordance with the laws of said State.

Dated as of June 1, 1977

LOUISVILLE AND NASHVILLE
RAILROAD COMPANY,

by

[Corporate Seal]

Assistant Vice President

Attest:

Attesting Officer

The foregoing Consent and Agreement is hereby accepted, as of the 1st day of June 1977.

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, not in its
individual capacity but
solely as Agent,

by

[Corporate Seal]

Assistant Vice President

Attest:

Corporate Trust Officer

[illegible]

On this day of July 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is Assistant Vice President of LOUISVILLE AND NASHVILLE RAILROAD COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notary Seal]

My Commission expires

EXHIBIT D TO THE
RECONSTRUCTION AND
CONDITIONAL SALE AGREEMENT

HULK PURCHASE AGREEMENT

Louisville and Nashville Railroad Company

First Security Bank of Utah,
National Association
79 South Main Street
Salt Lake City, Utah 84111
Attention of Corporate Trust Division

June 1, 1977

Gentlemen:

Louisville and Nashville Railroad Company, a corporation organized under the laws of Kentucky (the "Seller"), owns the railroad equipment described in Exhibit A hereto (collectively the "Hulks" and individually a "Hulk"). The Seller desires to sell the Hulks and First Security Bank of Utah, National Association (the "Buyer"), acting not in its individual capacity but solely as trustee for a trustor under a Trust Agreement dated as of the date hereof, desires to purchase the Hulks for the Purchase Price set forth in Exhibit A (the "Purchase Price").

The Seller will, from time to time, prior to delivery thereof to the Builder for reconstruction, as provided in the Reconstruction and Conditional Sale Agreement (the "Conditional Sale Agreement") dated as of the date hereof among the Buyer, Mercantile-Safe Deposit and Trust Company, not in its individual capacity but solely as agent (the "Agent") under a Participation Agreement (the "Participation Agreement") dated as of the date hereof, and L&N Investment Corporation (the "Builder"), deliver to the Buyer a Bill or Bills of Sale transferring title to a group of Hulks and warranting that at the date of such Bill or Bills of Sale the Seller had legal title to such Hulks and good and lawful right to sell the same and that title to such Hulks transferred to the Buyer by such Bill or Bills of Sale was free of all claims, liens, security interests, security titles and other encumbrances of any nature whatsoever except for the encumbrances expressly set forth in the Hulk Encumbrance Certificate (as hereinafter provided) and a Hulk Encumbrance Certificate dated as of the date of such Bill or Bills of Sale. On or after the date of such Bill or Bills of Sale, the Seller will deliver the Hulks in such

group to an authorized representative of the Buyer at such point or points within the United States of America as shall be specified by the Seller. The sale and delivery of the Hulks pursuant to this Agreement shall commence as soon as practicable and shall be completed on or before such date as shall permit the completion of reconstruction of each Hulk by June 30, 1978.

Notwithstanding anything to the contrary contained herein, the Buyer shall have no obligation to accept any Hulk, or to pay the Purchase Price therefore, which is delivered hereunder after (i) any event of default as defined in Article 14 of the Conditional Sale Agreement or any event (including the commencement of any proceeding or the filing of any petition of the nature specified in subparagraphs (c) and (d) of Article 14 thereof) which, with lapse of time, failure to take affirmative action and/or demand, could constitute an event of default thereunder shall have occurred, (ii) the Buyer shall have delivered written notice to the Seller that any of the conditions contained in Paragraph 7 of the Participation Agreement have not been met or waived, or (iii) the sum of (a) the difference between (1) the aggregate Purchase Price for all Hulks theretofore delivered and accepted hereunder plus the aggregate Reconstruction Cost therefor under the Conditional Sale Agreement and (2) the aggregate amount of funds theretofore disbursed by the Agent from amounts constituting Available Investor Funds (as defined in the eighth paragraph of Article 3 of the Conditional Sale Agreement) in payment of a portion of such aggregate Purchase Price and Reconstruction Cost pursuant to the Conditional Sale Agreement and (b) the Purchase Price of the next Hulk to be delivered hereunder plus the Reconstruction Cost thereof under the Conditional Sale Agreement, would exceed the sum of (x) \$5,361,000 and (y) the amount of Available Investor Funds then on deposit with the Agent under the Participation Agreement and held for disbursement to the Seller and the Builder on a Closing Date pursuant to the eighth paragraph of Article 3 of the Conditional Sale Agreement.

The Buyer at the times hereafter specified will pay to the Seller the Purchase Price of each Hulk in each group subject to all the terms and conditions of this Agreement, including without limitation the receipt by the Buyer of (a) the Bill or Bills of Sale with respect thereto specified in the second and fifth paragraphs hereof, (b) a Certificate or Certificates of Acceptance signed by the Buyer's authorized

representative stating that the Hulks in such group have been delivered to and accepted on behalf of the Buyer, (c) a written opinion of counsel for the Seller dated the date of such Bill or Bills of Sale, addressed to the Buyer and stating that such Bill or Bills of Sale are valid and effective to transfer the Lessee's title to such hulks to the Buyer, and (d) the Hulk Encumbrance Certificate with respect thereto specified in the fifth paragraph hereof.

The Hulk Encumbrance Certificate with respect to each group of the Hulks shall be dated as of the date of the Bill or Bills of Sale for such group of Hulks and shall expressly set forth, as of such date, the information specified in the last sentence of subparagraph (f) of Paragraph 3 of the Participation Agreement. Each such Bill of Sale shall contain the following information with respect to each type of Hulk included in the group of Hulks covered thereby: quantity, description, the Seller's identifying numbers and place of delivery. Subject only to the conditions set forth in the second paragraph hereof and in Paragraph 7 of the Participation Agreement, the Buyer will pay the Purchase Price of each Hulk delivered and accepted as aforesaid to the Seller either on (i) the Closing Date relating to such Hulk fixed as provided in the Conditional Sale Agreement or (ii) June 30, 1978, whichever is earlier.

The Buyer may assign and/or transfer any or all of its rights under this Agreement and/or any or all of its rights to possession of any of the Hulks. Any such assignment or transfer may be made by the Buyer without the assignee or transferee assuming any of the obligations of the Buyer hereunder. The Buyer and the Seller acknowledge that such assignment or transfer is contemplated. All of the rights of the Buyer hereunder shall inure to the benefit of the Buyer's assigns.

Notwithstanding the delivery of any Bill or Bills of Sale hereunder, the Seller agrees that all responsibility with respect to any Hulk covered by such Bill or Bills of Sale, its use and operation and risk of loss thereof, shall remain with the Seller until such Hulk is delivered to and accepted by the authorized representative of the Buyer, as provided above, and the Seller agrees to indemnify and hold the Buyer harmless from any claim made against the Buyer by reason of the transfer of title to the Hulks prior to such delivery and acceptance or with respect to the validity of such title, free from all claims, liens, security interests,

security title or encumbrances of any nature other than those of the Buyer at the time of such delivery and acceptance. Upon such delivery and acceptance, all responsibility and risk of loss with respect to such Hulk shall pass to the Buyer.

In the event that any Hulk is not so delivered to the Buyer after the date of any Bill or Bills of Sale with respect thereto the Buyer will assign to the Seller, without warranty of any kind, whatever right, title and interest the Buyer may then have in such Hulk and such Hulk shall thereafter be excluded from the provisions of this Agreement.

The Seller hereby represents and warrants to the Buyer, its successors and assigns, that (i) this Agreement was duly authorized by it and lawfully executed and delivered for a valid consideration, the performance of this Agreement will not conflict with any provision of law or with its Charter or By-laws or of any agreement binding upon it and (assuming valid authorization, execution and delivery by the Buyer) this Agreement is, in so far as it is concerned, a valid and existing agreement binding upon it in accordance with its terms as they are now in force; and (ii) no approval is required from any regulatory body with respect to the entering into or performance by it of this Agreement.

The Seller hereby covenants and agrees with the Buyer that not later than the date of payment for any Hulk, the Seller will discharge in full all obligations securing encumbrances with respect thereto (which encumbrances, if any, are set forth in the Hulk Encumbrance Certificate). Without limitation as to any other rights or actions which the Buyer may enforce against the Seller due to a breach by the Seller of its obligation set forth in the preceding sentence, in the event any such obligation has not been satisfied prior to payment for any Hulk by the Buyer, the Seller hereby agrees that the Buyer may, in lieu of making payments for any Hulks then to be made to the Seller hereunder, pay all or any portion of such payments to one or more holders of obligations secured by such encumbrances to the extent necessary to satisfy such obligations in full and to remove such encumbrances.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the undertakings and agreements herein made on the part of the Buyer, are made and

intended not as personal undertakings and agreements by First Security Bank of Utah, National Association or for the purpose or with the intention of binding said association personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement hereinabove referred to, and this Agreement is executed and accepted by said association not in its own right but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said corporation or the trustor hereinabove referred to on account of this Agreement or on account of any representation, undertaking or agreement of said corporation or the trustor, either express or implied, all such personal liability, if any, being expressly waived and released by the Seller and by all persons claiming by, through or under the Seller; provided, however, that the Seller or any person claiming by, through or under any of it, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart. This Agreement shall be valid, binding and effective at such time as the Agent shall have received (or as to which the Agent shall have received attested telegraphic communication confirming execution of) counterparts executed by the Buyer and Seller.

If the foregoing arrangement concerning sale of the Hulks is satisfactory to the Buyer, please confirm by signing each of the enclosed counterparts of this letter, returning one to the Seller, delivering one to the Agent and giving the telegraphic confirmation of execution to the Agent as aforesaid.

Very truly yours,

LOUISVILLE AND NASHVILLE RAILROAD
COMPANY,

by

Asst. Vice President

Accepted as of the date
first set forth above.

First Security Bank of Utah,
National Association,
acting not in its individual
capacity but solely as Trustee,

by

Authorized Officer

HULK PURCHASE AGREEMENT

EXHIBIT A

<u>Quantity</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Railroad Numbers</u>	<u>Purchase Price</u>	<u>Total Purchase Price</u>
251	50-Ton Box Cars	L&N	97230, 97285, 97329, 97337, 97413, 97435, 97437, 97467, 97475, 97479, 97526, 97529, 99702, 99778, 99794, 106001, 106007, 106013, 106015, 106017, 106022, 106027, 106030, 106033, 106034, 106037, 106039, 106042, 106045, 106051, 106052, 106055, 106060, 106061, 106063, 106072, 106073, 106074, 106075, 106078, 106079, 106080, 106087, 106088, 106095, 106096, 106558, 106568, 106570, 106573, 106581, 106585, 106588, 106589, 106590, 106598, 107007, 107019, 107026, 107028, 107035, 107037, 107046, 107053, 107054, 107062, 107063, 107079, 107081, 107083, 107088, 107094, 107097, 107100, 107101, 107102, 107115, 107121, 107131, 107133, 107136, 107137, 107152, 107156, 107159, 107161, 107167, 107168, 107178, 107182, 107183, 107184, 107186, 107192, 107194, 107195, 108013, 108063, 108073, 108134, 108151, 108153, 108156, 108182, 108184, 108189, 108203, 108210, 108241, 108245, 108265,	\$4,500	\$1,129,500

<u>Quantity</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Railroad Numbers</u>	<u>Purchase Price</u>	<u>Total Purchase Price</u>
			108279, 108288, 108307,		
			108313, 108317, 108341,		
			108348, 108375, 108376,		
			108409, 108414, 108429,		
			108442, 108457, 108458,		
			108466, 108478, 108479,		
			108489, 108493, 108511,		
			108551, 108555, 108570,		
			108640, 108649, 108657,		
			108677, 108687, 108691,		
			108723, 108737, 108753,		
			108782, 108786, 108794,		
			108802, 108811, 108813,		
			108814, 108818, 108825,		
			108826, 108827, 108835,		
			108841, 108843, 108846,		
			108848, 108852, 108853,		
			108855, 108861, 108864,		
			108872, 108880, 108899,		
			108901, 108922, 108923,		
			108932, 108935, 108938,		
			108939, 108946, 108950,		
			108954, 108959, 108963,		
			108969, 108970, 108973,		
			108977, 108986, 108989,		
			108995, 108997, 109002,		
			109004, 109005, 109011,		
			109014, 109015, 109019,		
			109022, 109025, 109031,		
			109037, 109039, 109041,		
			109042, 109050, 109059,		
			109076, 109082, 109092,		
			109096, 109100, 109105,		
			109108, 109112, 109120,		
			109122, 109123, 109132,		
			109149, 109158, 109162,		
			109163, 109168, 109170,		
			109177, 109199, 109203,		
			109224, 109229, 109235,		
			109236, 109258, 109261,		
			109262, 109263, 109266,		
			109267, 109268, 109269,		
			109271, 109298, 109307,		
			109309, 109326, 109331,		
			109336, 109340, 109388,		
		MON	1394, 1495, 1705, 1733		
			1740		

<u>Quantity</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Railroad Numbers</u>	<u>Purchase Price</u>	<u>Total Purchase Price</u>
48	50-Ton Box Cars	L&N	97516, 97527, 97531, 97547, 98011, 98021, 98053, 98101, 98129, 98153, 98163, 98168, 98175, 98194, 98195, 98206, 98209, 98223, 98263, 98310, 98324, 98351, 98370, 98398, 98415, 98421, 98423, 98427, 98428, 98430, 98454, 98474, 98475, 98495, 98499, 98500, 98519, 98522, 98524, 98534, 98559, 98574, 98596,	\$4,500	\$ 216,000
		MON	2000, 2001, 2004, 2500, 2503		
82	70-Ton Box Cars	L&N	101107, 101109, 101138, 101139, 101143, 101147, 101171, 101267, 101364, 101616, 101639, 101685, 101738, 101752, 101787, 101790, 101803, 101839, 101854, 101907, 101913, 101955 101962, 101963, 101966, 102002, 102027, 102038, 102045, 102054, 102059, 102069, 102079, 102117, 102186, 102201, 102218, 102223, 102231, 102241, 102246, 102254, 102274, 102287, 102289, 102290, 102292, 102295, 102316, 102318, 102337, 102339, 102341, 102344, 102346, 102352, 102353, 102356, 102374, 102384, 102389, 102390, 102392, 102407, 102411, 102427, 102433, 102435, 102442, 102451, 102455, 102469, 102498, 102513, 102514, 102516, 102517, 102518, 102521, 102527, 102534, 102554.	\$4,500	\$ 369,000

<u>Quantity</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Railroad Numbers</u>	<u>Purchase Price</u>	<u>Total Purchase Price</u>
98	70-Ton Box Cars	L&N	100012, 100019, 100024, 100035, 100045, 100052, 100060, 100064, 100066, 100070, 100071, 100073, 100075, 100077, 100079, 100080, 100082, 100087, 100091, 100098, 100100, 100101, 100103, 100115, 100117, 100120, 100158, 100183, 100189, 100191, 100196, 100203, 100213, 100219, 100222, 100237, 100243, 100251, 100258, 100262, 100278, 100281, 100283, 100306, 100312, 100313, 100321, 100328, 100332, 100337, 100338, 100356, 100366, 100377, 100379, 100381, 100382, 100387, 100401, 100436, 100437, 100445, 100449, 100467, 100488, 100502, 100503, 100506, 100519, 100572, 100584, 100586, 100604, 100632, 100642, 100643, 100672, 100706, 100719, 100730, 100733, 100734, 100746, 100747, 100767, 100797, 101012, 101013, 101042, 101048, 101050, 101081, 101089, 101169, 101180, 101419, 191481, 111498	\$4,500	\$ 441,000
6	100-Ton Box Cars	L&N	101455, 101456, 101462, 101477, 101482, 101494	\$4,500	\$ 27,000
11	100-Ton Box Cars	L&N	107530, 107532, 107539, 107540, 107547, 107549, 107565, 107567, 107594, 107595, 107597	\$4,500	\$ 49,500
4	100-Ton Box Cars	L&N	101517, 101520, 101531, 101539	\$4,500	\$ 10,000

<u>Quantity</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Railroad Numbers</u>	<u>Purchase Price</u>	<u>Total Purchase Price</u>
28	70-Ton Bulkhead Flat Cars	L&N	22482, 22489, 22494, 22501, 22522, 22526, 22546, 22551, 22569, 22570, 22573, 22577, 22599, 22618, 22623, 22639, 22649, 22745, 22748, 23929, 23930, 23940, 23960, 23961, 23971, 23976, 23978, 23996	\$4,500	\$ 126,000
9	100-Ton Bulkhead Flat Cars	L&N	22301, 22303, 22305, 22308, 22311, 22313, 22315, 22316, 22317,	\$4,500	\$ 40,500
2	100-Ton Bulkhead Flat Cars (FMS)	L&N	22982, 22985	\$4,500	\$ 9,000
33	Pulpwood Cars to Welded Rail Cars 70-Ton	L&N	20520, 20531, 20539, 20544, 20561, 20564, 20568, 20569, 20586, 20598, 20599, 20618, 20623, 20631, 20664, 20669, 20678, 20696, 20709, 20715, 20718, 20722, 20764, 20774, 20777, 20782, 20791, 20796, 20800, 20814, 20849, 20850, 20875	\$4,500	\$ 148,500
50	Covered Hoppers to Ballast Cars 70-Ton	L&N	37872, 37876, 37878, 37880, 37881, 37885, 37891, 37896, 37897, 37899, 37904, 37906, 37916, 37918, 37921, 37928, 37934, 37944, 37946, 37949, 37950, 37965, 37966, 37976, 37983, 37984, 37989, 37997, 38001, 38004, 38007, 38012, 38018, 38027, 38039, 38041, 38088, 38111, 38122, 38146, 38156, 38159, 38204, 38220, 38224, 38265, 38312, 38339, 38430, 38434	\$4,500	\$ 225,000

<u>Quantity</u>	<u>Description</u>	<u>Rail-Road Prefix</u>	<u>Railroad Numbers</u>	<u>Purchase Price</u>	<u>Total Purchase Price</u>
24	70-Ton Covered Hoppers	L&N	37431, 37440, 37442, 37473, 37475, 37482, 37509, 37553, 37554, 37622, 37654, 37677, 37703, 37737, 37745, 37751, 37781, 37802, 37813, 37816, 37844, 38545, 38563, 38584	\$4,500	\$ 27,000
19	100-Ton Covered Hoppers	L&N	38680, 38717, 38815, 38820, 201154, 201185, 201215, 201232, 201238, 201259, 201274, 201292, 201304, 201310, 201327, 201391, 201420, 201428, 201446	\$4,500	\$ 85,500
82	70-Ton Open Top Hopper Cars	L&N	150059, 150449, 150472, 150675, 150700, 150732, 150844, 150891, 151327, 152162, 152441, 152564, 152626, 152816, 152852, 152933, 153031, 153034, 153084, 153093, 153148, 153151, 153166, 153183, 153218, 153288, 153429, 153505, 153534, 153611, 153822, 153833, 153915, 153952, 154015, 154017, 154071, 154167, 154175, 154205, 154213, 154329, 154451, 154547, 154580, 154590, 154720, 154728, 154734, 154781, 154782, 154822, 154858, 154877, 155006, 155025, 155036, 155083, 155114, 155132, 155160, 155198, 155228, 155268, 155372, 155397, 155399, 155401, 155423, 155462, 155513, 155566, 155598, 155632, 155655, 155658, 155749, 155776, 155817, 155952, 156014, 156037	\$4,500	\$ 369,000

<u>Quantity</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Railroad Numbers</u>	<u>Purchase Price</u>	<u>Total Purchase Price</u>
95	80-Ton Open Top Hopper Cars	L&N	180082, 180108, 180195, 180307, 180350, 180419, 180630, 180739, 180811, 180899, 180922, 180977, 182138, 182236, 182281, 182418, 184232, 182549, 182591, 182593, 182598, 182675, 182710, 182848, 182946, 183032, 103260, 183270, 183357, 183362, 183367, 183380, 183490, 183590, 183628, 183703, 103714, 183880, 183995, 184029, 184037, 184046, 184048, 184052, 184195, 184197, 184201, 184207, 104264, 184414, 184457, 184494, 184556, 184561, 184608, 184610, 184614, 184732, 184793, 184830, 104958, 184973, 185083, 105108, 185198, 185227, 185244, 185247, 185256, 185385, 185418, 185420, 185530, 185637, 185656, 185812, 186021, 186085, 186769, 186934, 186959, 186967, 187018, 187067, 187385, 187542, 187565, 188174, 188398, 188631, 188788, 188854, 188913, 189117, 189287	\$4,500	\$ 427,500
16	100-Ton Open Top Hopper Cars	L&N	191011, 191020, 191091, 191144, 191311, 191354, 191381, 191395, 191479, 191509, 191521, 191586, 191610, 191629, 191704, 191745	\$4,500	\$ 72,000
200	70-Ton Gondola Cars	L&N	39028, 39029, 39030, 39057, 39066, 39079, 39084, 39101, 39104, 39116, 39118, 39128, 39139, 39141, 39143, 39165, 39166, 39167, 39177, 39179, 39184, 39189, 39206, 39208, 39216, 39219, 39223, 39236, 39238, 39243, 39244, 39253, 39255, 39259, 39264, 39272,	\$4,500	\$ 900,000

<u>Quantity</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Railroad Numbers</u>	<u>Purchase Price</u>	<u>Total Purchase Price</u>
			39273, 39275, 39280, 39281, 39292, 39302, 39304, 39313, 39330, 39334, 39340, 39341, 39343, 39350, 39366, 39368, 39369, 39370, 39388, 39390, 39411, 39419, 39423, 39436, 39439, 39442, 39443, 39448, 39463, 39465, 39472, 39475, 39480, 39521, 39523, 39528, 39529, 39536, 39541, 39545, 39550, 39551, 39556, 39559, 39564, 39569, 39577, 39578, 39583, 39586, 39600, 39603, 39610, 39614, 39615, 39616, 39618, 38620, 39621, 39628, 38630, 39637, 39648, 39653, 39661, 39662, 39669, 39673, 39678, 39687, 39690, 39691, 39695, 39696, 39701, 39716, 39732, 39735, 39736, 39737, 39738, 39751, 39754, 39760, 39763, 39769, 39772, 39787, 39796, 39804, 39806, 39824, 39834, 39841, 39849, 39850, 39857, 39859, 39885, 39887, 39898, 39919, 39925, 29951, 39954, 39956, 39958, 39969, 39970, 39974, 170013, 170097, 107099, 170114, 170152, 170220, 170226, 170238, 170271, 170300, 170307, 170323, 170504, 170521, 170534, 170576, 170577, 170595, 170610, 170621, 170655, 170672, 170684, 170700, 170706, 170758, 170783, 170824, 170836, 170839, 170868, 170885, 170902, 171029, 171044, 171104, 171123, 171163, 171172,		

<u>Quantity</u>	<u>Description</u>	<u>Rail- Road Prefix</u>	<u>Railroad Numbers</u>	<u>Purchase Price</u>	<u>Total Purchase Price</u>
			171210, 171220, 171249, 171269, 171299, 171371, 171568, 171595, 171602, 171608, 171612, 171642, 171655, 171702, 171714		

PARTICIPATION AGREEMENT

Dated as of June 1, 1977

among

LOUISVILLE AND NASHVILLE RAILROAD COMPANY,

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
as Agent,

BWL, INC.,

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
not in its individual capacity but solely as Owner Trustee,

and

THE PARTIES NAMED IN SCHEDULE A HERETO

Covering 1058 Reconstructed Cars

8-1/2% Conditional Sale Indebtedness Due January 20, 1988

PARTICIPATION AGREEMENT

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PARTICIPATION AGREEMENT dated as of June 1, 1977, among MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY (hereinafter called the Agent), BWL, INC., a Delaware corporation (hereinafter called the Owner Participant), FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, a national banking association (hereinafter called the Lessor or the Owner Trustee), acting not in its individual capacity but solely as trustee under a Trust Agreement dated the date hereof in the form annexed hereto as Annex B (hereinafter called the Trust Agreement) with the Owner Participant as beneficiary, LOUISVILLE AND NASHVILLE RAILROAD COMPANY, a Kentucky corporation (hereinafter called the Lessee) and THE PARTIES NAMED IN SCHEDULE A HERETO (hereinafter called the Investors).

The Lessor proposes to acquire 1058 units of used railroad equipment (hereinafter called the Hulks) from the Lessee pursuant to a Hulk Purchase Agreement dated as of June 1, 1977, in substantially the form of Exhibit D to Annex A hereto. The Agent will acquire, and the Lessor will subject the Hulks to, a security interest in favor of the Agent pursuant to a Transfer Agreement dated as of the date hereof (hereinafter called the Transfer Agreement), in substantially the form of Exhibit A to Annex A hereto. Thereafter, the Agent, the Lessor and L&N Investment Corporation, a Delaware corporation (hereinafter called the Builder) will enter into a Reconstruction and Conditional Sale Agreement dated as of the date hereof (hereinafter called the Reconstruction and Conditional Sale Agreement), in substantially the form of Annex A hereto, pursuant to which the Builder will cause the Hulks to be reconstructed (the reconstructed Hulks being hereinafter called the Equipment) in accordance with specifications of the Lessor for the account of the Agent. The Agent will sell the Equipment to the Lessor upon completion of reconstruction, reserving a security interest therein. It is understood that the Lessor, notwithstanding the foregoing, will at all times remain the beneficial owner of the Hulks and the Equipment, the interests of the Agent being only a security interest reserved under the Reconstruction and Conditional Sale Agreement.

The Investors will finance 74% of the cost of the Equipment by investing in the Conditional Sale Indebted-

ness (as defined in the Reconstruction and Conditional Sale Agreement), and the Owner Participant will finance 26% of the cost of the Equipment by making funds available to the Owner Trustee pursuant to the Trust Agreement.

The Lessor proposes to lease the Equipment to the Lessee pursuant to a Lease of Railroad Equipment, dated as of the date hereof (hereinafter called the Lease) substantially in the form of Exhibit B of Annex A hereto. The Lessor then proposes for security purposes to assign its rights in, to and under the Lease to the Agent pursuant to an Assignment of Lease and Agreement dated as of the date hereof (hereinafter called the Lease Assignment), substantially in the form of Exhibit C of Annex A hereto, until the Owner Trustee fulfills all its obligations under the Reconstruction and Conditional Sale Agreement.

NOW, THEREFORE, in consideration of the mutual agreements hereinafter contained, the parties hereto agree as follows:

1. The Owner Trustee will enter into the Hulk Purchase Agreement and the Reconstruction and Conditional Sale Agreement and pursuant thereto purchase, as hereinafter provided, Hulks and units of Equipment having an aggregate Purchase Price (as defined in the Reconstruction and Conditional Sale Agreement) not exceeding \$17,500,000.

On or before the First Delivery Date (as hereinafter defined) for the Hulks, the Owner Trustee and the Lessee will enter into the Lease, the Owner Trustee will enter into the Lease Assignment in respect of the Lease with the Agent, and the Lessee will consent to said Lease Assignment pursuant to the Lessee's Consent and Agreement (hereinafter called the Consent) in substantially the form attached to the Lease Assignment.

2. Subject to the terms and conditions hereof, each Investor will pay to the Agent, in Baltimore or New York Clearing House funds, not later than 11:00 a.m., Baltimore time, on the date or dates set forth opposite such Investor's name in Schedule A hereto (such date being hereinafter called a Date of Deposit), the amount set forth opposite such Investor's name in Schedule A hereto in respect of such Date of Deposit. The Agent will give to each Investor written notice of the payment to be made by such Investor at

least six business days prior to its Date of Deposit.

Upon payment to the Agent of any amount required to be paid by an Investor pursuant to this Paragraph 2, the Agent will execute and deliver to such Investor (or, upon the written request of such Investor, to the nominee or nominees of such Investor), a certificate or certificates of interest with respect to such payment dated the Date of Deposit substantially in the form annexed hereto as Annex C.

The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in Baltimore, Maryland or New York, New York, are authorized or obligated to remain closed. All interest under this Agreement shall be calculated on the basis of a 360-day year of twelve 30-day months.

As soon as practicable after the delivery of any certificate of interest, the Agent will deliver to the holder thereof a schedule of payments reflecting the dates and amounts of principal and interest payments to be made in respect of such certificate. Each Investor, simultaneously with the final payment to it of all amounts payable in respect of such certificate, will surrender such certificate to the Agent.

Pursuant to the Lease Assignment, the Agent will acquire for security purposes the rights of the Owner Trustee in, to and under the Lease.

The forms of the Annexes to this Agreement and the Exhibits thereto are hereby approved by the Investors and the Agent is authorized to enter into those Agreements represented thereby to which it is a party. The Agent will not enter into or consent to any modification or supplement to such forms that could adversely affect the interests of the Investors without the prior written approval of the Investors, it being understood and agreed that changes in the provisions of the Lease which are not intended or necessary to satisfy the obligations of the Owner Trustee under the Reconstruction and Conditional Sale Agreement shall not be deemed to adversely affect the interests of the Investors.

The Agent will hold the moneys deposited with it pursuant hereto and Investments (as defined in Paragraph 9 hereof) purchased by the use of such moneys and any proceeds thereof or interest thereon in respect thereof and the rights

under the Reconstruction and Conditional Sale Agreement and the Transfer Agreement and security title to the Hulks and the Equipment following delivery and acceptance, as provided in the Reconstruction and Conditional Sale Agreement and the Transfer Agreement, the security interest in the Lease and any payments received by it pursuant to the Lease, in trust for the benefit of the Investors in accordance with their respective interests therein as such interests from time to time shall appear. The interests of the Investors in each instalment of the aggregate Conditional Sale Indebtedness shall be in proportion to their respective investments in the aggregate Conditional Sale Indebtedness, plus accrued and unpaid interest from time to time outstanding. It is expressly understood and agreed that the obligations of the Agent hereunder as such title holder and with respect to the payments to the Investors to be made by the Agent are only those expressly set forth herein.

3. The Lessee represents and warrants as follows:

(a) The Lessee has not directly or indirectly offered or sold any of the Conditional Sale Indebtedness or other securities to, solicited offers to buy any of the Conditional Sale Indebtedness or other securities from, or otherwise approached or negotiated in respect of the purchase or sale or other disposition of any of the Conditional Sale Indebtedness or other securities with, any person so as to bring the sale of the Conditional Sale Indebtedness within the provisions of Section 5 of the Securities Act of 1933, as amended. The Lessee will not offer any conditional sale indebtedness or other securities to, or solicit any offer to buy any thereof from any other person or approach or negotiate with any other person in respect thereof, so as to bring the sale of the Conditional Sale Indebtedness within the provisions of Section 5 of said Securities Act.

(b) The Lessee has furnished to the Owner Participant and the Investors the consolidated balance sheet of the Lessee as of December 31, 1976, and related consolidated statements of income and retained earnings for the year then ended. Such consolidated financial statements are in accordance with the books and records of the Lessee and have been prepared in accordance with accounting principles required for railroads by the

Interstate Commerce Commission and in accordance with generally accepted accounting principles. These statements have been applied on a consistent basis throughout the period covered thereby. The financial statements present fairly the financial condition of the Lessee at such dates and the results of its operations for such periods. The statement of changes in financial position furnished for the year 1976 fairly presents the changes in financial position for such period.

(c) No authorization or approval from any governmental or public body or authority of the United States of America, or of any of the States thereof or the District of Columbia, is necessary for the execution, delivery and performance of this Agreement, the Hulk Purchase Agreement, the Transfer Agreement, the Reconstruction and Conditional Sale Agreement, the Lease, the Lease Assignment or the Consent.

(d) Neither the execution and delivery of this Agreement, the Hulk Purchase Agreement, the Lease or the Consent nor the consummation of the transactions herein and therein contemplated or the fulfillment of, or compliance with, the terms and provisions hereof and thereof will conflict with, or result in a breach of, any of the terms, conditions or provisions of the charter (as amended) or the by-laws (as amended) of the Lessee or of any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Lessee is now a party or by which it or its property may be bound, or constitute (with the giving of notice or the passage of time or both) a default thereunder.

(e) Neither the execution and delivery by the Lessee of this Agreement, the Hulk Purchase Agreement, the Lease or the Consent nor the consummation of the transactions herein and therein contemplated nor the fulfillment of, or compliance with, the terms and provisions hereof and thereof will conflict with, or result in a breach of, any of the terms, conditions or provisions of any law, or any regulation, order, injunction or decree of any court or governmental instrumentality.

(f) No mortgage, deed of trust or other lien of any nature whatsoever which now covers or affects any

property or interest therein of the Lessee, now attaches or hereafter will attach to the Hulks or the Equipment or in any manner affects or will affect adversely the right, title and interest of the Owner Trustee or the Agent therein, other than security interests securing financing furnished to the Lessee in connection with its initial acquisition of the Hulks; provided, however, that such liens may attach to the rights of the Lessee under the Lease in and to the Equipment. The Lessee has furnished the Agent, the Owner Trustee and the Owner Participant a certificate dated the date of this Agreement listing, as of such date, all security interests, claims, liens and other encumbrances of any nature whatsoever (hereinafter called Encumbrances) which now attach to the Hulks or hereafter may attach to the Hulks or the Equipment or in any manner may affect or will affect adversely the right, title and interest of the Owner Trustee or the Agent therein. Such certificate expressly states as of the date of such certificate (i) the railroad road number of each Hulk so encumbered, (ii) for each such Hulk, the ICC recordation number, if any, for each such Encumbrance, (iii) for each such Encumbrance, the name and address of the creditor and the amount of money owed with respect to such Encumbrance and (iv) the total amount owed with respect to all such Encumbrances on all such Hulks. The Lessee will pay and discharge all Encumbrances as soon as possible, and in any case, prior to the first Date of Deposit.

(g) The Lessee is not entering into this Agreement or the Lease, or any other transaction contemplated hereby and thereby, directly or indirectly in connection with any arrangement or understanding in any way involving any employee benefit plan (other than a governmental plan) with respect to which it, the Owner Participant, the Builder, or the Owner Trustee in its individual capacity is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974 (hereinafter called ERISA). The Lessee covenants that it will not sublease the Equipment subject to the Lease to any person which is at the time a party in interest with respect to any employee benefit plan the assets of which were used by the Owner Participant or any Investor in making its investment pursuant to this Agreement, all within the meaning of ERISA.

4. The Owner Participant represents and warrants that it has not directly or indirectly offered or sold any of the Conditional Sale Indebtedness or other securities to, solicited offers to buy any of the Conditional Sale Indebtedness or other securities from, or otherwise approached or negotiated in respect of the purchase or sale or other disposition of any of the Conditional Sale Indebtedness or other securities with, any person so as to bring the sale of the Conditional Sale Indebtedness within the provisions of Section 5 of the Securities Act of 1933, as amended. The Owner Participant will not offer any Conditional Sale Indebtedness or other securities to, or solicit any offer to buy any thereof from any other person or approach or negotiate with any other person in respect thereof, so as to bring the sale of the Conditional Sale Indebtedness within the provisions of Section 5 of said Securities Act.

The Owner Participant represents and warrants that it is making its investment in the Hulks and Equipment (pursuant to the Trust Agreement and this Agreement) with its general assets, and not directly or indirectly with the assets of, or in connection with any arrangement or understanding in any way involving, any employee benefit plan (other than a governmental plan), all within the meaning of ERISA. The Owner Participant covenants that it will not transfer its interest acquired pursuant to this Agreement (and the Trust Agreement contemplated herein) directly or indirectly to, or in connection with any arrangement or understanding in any way involving, any employee benefit plan with respect to which the Lessee, the Owner Participant, the Builder or the Owner Trustee in its individual capacity is at the time a party in interest, all within the meaning of ERISA.

The Owner Trustee represents that it is not entering into this Agreement, or any other transaction contemplated hereby, directly or indirectly in connection with any arrangement in any way involving any employee benefit plan (other than a governmental plan) with respect to which it in its individual capacity, the Owner Participant, the Builder or the Lessee is a party in interest, all within the meaning of ERISA. The Owner Trustee covenants that it will not transfer its interests acquired pursuant to this Agreement (and the transactions contemplated herein) to any other person which is at the time a party in interest with respect to any employee benefit plan the assets of which were used by the Owner Participant or any Investor in making its investment pursuant to this Agreement, all within the meaning of ERISA.

5. Each Investor represents that it is acquiring its interest in the aggregate Conditional Sale Indebtedness for its own account, for investment and not with a view to, or for sale in connection with, the distribution of the same, nor with any present intention of distributing or selling the same, but subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be within its control.

Each Investor further represents that it is not acquiring its interest in the Conditional Sale Indebtedness directly or indirectly with the assets of, or in connection with any arrangement or understanding in any way involving, any employee benefit plan with respect to which (i) any employee of the Lessee, the Owner Participant, the Builder or the Owner Trustee in its individual capacity is a participant or (ii) the Lessee, the Owner Participant, the Builder or the Owner Trustee in its individual capacity is otherwise a party in interest, all within the meaning of ERISA.

The interests of the Investors hereunder have not been registered under the Securities Act of 1933 and, accordingly, must be held indefinitely, unless an exemption from registration is available. Each Investor agrees that it will not transfer its interest hereunder in violation of said Act. Each Investor hereby agrees that any transfer authorized pursuant to the next preceding sentence of all or any part of its interest in the Conditional Sale Indebtedness shall be upon the express condition that the transferee thereof shall be bound by the terms of this Agreement. Prior to any such transfer such Investor shall notify the Agent in writing thereof and the Agent shall cause to be prepared and delivered to such Investor an appropriate agreement, to be entered into among such Investor, such transferee and the Agent, evidencing such transfer upon the terms hereof.

6. The obligation of each Investor to make payment to the Agent on its Date or Dates of Deposit in accordance with Paragraph 2 hereof and the obligation of the Agent to make payment on each Closing Date (as defined in the Reconstruction and Conditional Sale Agreement) to the Builder or the Lessee pursuant to the Reconstruction and Conditional Sale Agreement out of funds deposited with it pursuant to Paragraph 2 hereof or the proceeds of the Investments pursuant to Paragraph 9 hereof (all of such funds being hereinafter

collectively called the Investors' Funds) shall be subject to the terms and conditions of the Reconstruction and Conditional Sale Agreement and to the receipt by the Agent, on the first date of delivery of any Hulk under the Hulk Purchase Agreement (such date being hereinafter called the First Delivery Date) of the following documents:

(a) an opinion of Messrs. Cravath, Swaine & Moore, special counsel for the Investors and the Agent, dated the First Delivery Date, to the effect that

(i) this Agreement, assuming due authorization, execution and delivery by the Investors, has been duly authorized, executed and delivered and constitutes a legal, valid and binding instrument;

(ii) the Reconstruction and Conditional Sale Agreement and the Lease have been duly authorized, executed and delivered and are legal and valid instruments, binding on the parties thereto and enforceable in accordance with their respective terms;

(iii) the Lease Assignment and the Consent have been duly authorized, executed and delivered and are legal, valid and binding instruments;

(iv) upon settlement for units of Equipment pursuant to and in accordance with the Reconstruction and Conditional Sale Agreement, the Agent will have a valid first and prior security interest in such units;

(v) the Reconstruction and Conditional Sale Agreement, the Transfer Agreement, the Lease, and the Lease Assignment have been duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and no other filing or recordation is necessary for the protection of the rights of the Agent therein or in the Equipment in any state of the United States of America or the District of Columbia;

(vi) no authorization or approval from any governmental or public body or authority of the

United States of America, or of any of the States thereof or the District of Columbia is, to the knowledge of said counsel, necessary for the execution, delivery and performance of this Agreement, the Reconstruction and Conditional Sale Agreement, the Lease, the Lease Assignment or the Consent;

(vii) under the circumstances contemplated by this Agreement it is not necessary to register the Reconstruction and Conditional Sale Agreement or the certificates of interest delivered pursuant hereto under the Securities Act of 1933, or to qualify the Reconstruction and Conditional Sale Agreement or any other instrument or agreement contemplated hereby or thereby under the Trust Indenture Act of 1939; and

(viii) the legal opinions referred to in subparagraphs (b), (c) and (d) of this Paragraph 6 are satisfactory in form and scope to said special counsel and that in their opinion the Investors, the Agent and they are justified in relying thereon;

and as to such other matters incident to the transactions contemplated by this Agreement as the Investors may reasonably request.

(b) An opinion of counsel for the Owner Participant, dated the First Delivery Date, to the effect set forth in clause (i) of subparagraph (a) of this Paragraph 6, in so far as such matters relate to the Owner Participant, and to the further effect that:

(i) the Owner Participant is a corporation duly incorporated, validly existing, and in good standing under the laws of its State of incorporation;

(ii) no mortgage, deed of trust or other lien of any nature whatsoever now in existence which now covers or affects or which may hereafter cover or affect, any property or interest therein of the Owner Participant, now attaches or hereafter will attach to the Equipment or in any manner affects or will affect adversely the right, title and interest of the Agent therein; and

(iii) the Trust Agreement has been duly authorized, executed and delivered by the Owner Participant and, assuming due authorization, execution and delivery by the Owner Trustee, is a legal and valid instrument binding on the Owner Participant.

(c) An opinion of counsel for the Owner Trustee, dated the First Delivery Date, to the effect that:

(i) First Security Bank of Utah, National Association, is a national banking association duly organized, validly existing and in good standing under the laws of the United States;

(ii) the Trust Agreement has been duly authorized, executed and delivered by First Security Bank of Utah, National Association, and, assuming due authorization, execution and delivery by the Owner Participant, the Trust Agreement is a legal and valid instrument binding upon the parties thereto and enforceable against the parties thereto in accordance with its terms and creates a valid trust under the laws of the State of Utah;

(iii) this Agreement, the Reconstruction and Conditional Sale Agreement, the Lease, the Hulk Purchase Agreement, the Transfer Agreement and the Lease Assignment have been duly authorized, executed and delivered by the Owner Trustee and, assuming due authorization, execution and delivery by the other parties thereto are under the laws of the State of Utah and Federal banking laws, legal and valid instruments binding upon the Owner Trustee and enforceable against the Owner Trustee in accordance with their terms;

(iv) no authorization or approval from any governmental or public body or authority of the United States of America, or of the State of Utah, regulating banking and/or trust powers, is to the knowledge of said counsel, necessary for the execution, delivery and performance of the documents referred to in the preceding clause (iii) by the Owner Trustee or in the preceding clause (ii) by First Security Bank of Utah, National Association; and

(v) First Security Bank of Utah, National

Association has the corporate power, authority and legal right to carry on its business as now conducted and to execute and deliver this Agreement, the Lease, the Reconstruction and Conditional Sale Agreement, the Hulk Purchase Agreement, the Transfer Agreement and the Lease Assignment, and to fulfill and comply with the terms, conditions and provisions hereof and thereof.

(d) An opinion of counsel for the Lessee, dated the First Delivery Date, to the effect set forth in clauses (i), (ii), (iii), (iv), (v) and (vi) of subparagraph (a) of this Paragraph 6, in so far as such matters relate to the Lessee, and to the further effect that:

(i) the Lessee is a corporation duly incorporated, validly existing and in good standing under the laws of the Commonwealth of Kentucky and is duly qualified to do business and in good standing in such other jurisdictions in which the business and activities of the Lessee require such qualification;

(ii) neither the execution and delivery of this Agreement, the Hulk Purchase Agreement, the Lease or the Consent nor the consummation of the transactions herein and therein contemplated or the fulfillment of, or compliance with, the terms and provisions hereof and thereof will conflict with, or result in a breach of, any of the terms, conditions or provisions of the charter (as amended) or the by-laws (as amended) of the Lessee or of any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Lessee is now a party or by which it or its property may be bound, or constitute (with the giving of notice or the passage of time or both) a default thereunder; and

(iii) neither the execution and delivery by the Lessee of this Agreement, the Hulk Purchase Agreement, the Lease or the Consent nor the consummation of the transactions herein and therein contemplated nor the fulfillment of, or compliance with, the terms and provisions hereof and thereof will conflict with, or result in a breach of, any of the terms, conditions or provisions of any law,

or any regulation, order, injunction or decree of any court or governmental instrumentality;

and a further opinion of counsel for the Lessee, dated on or prior to the first Date of Deposit, to the effect that no mortgage, deed of trust, claim, lien, security interest or other encumbrance of any nature whatsoever which now covers or affects any property or interest therein of the Lessee, now attaches or hereafter will attach to the Hulks or the Equipment being reconstructed therefrom or in any manner affects or will affect adversely the right, title and interest of the Owner Trustee and the Agent therein; provided, however, that such liens may attach to the rights of the Lessee under the Lease in and to the Equipment..

(e) An opinion of counsel for the Builder, dated the First Delivery Date, to the effect that (i) the Builder is a duly organized and existing corporation in good standing under the laws of its jurisdiction of incorporation and has the power and authority to own its properties and to carry on its business as now conducted and (ii) the Reconstruction and Conditional Sale Agreement has been duly authorized, executed and delivered by the Builder and, assuming due authorization, execution and delivery by the other parties thereto, is a legal and valid instrument binding on the Builder.

(f) A Certificate of an officer of the Lessee, dated the First Delivery Date, to the effect that the Lessee is not in default under, and to its knowledge there is no event which with the passage of time would place the Lessee in default under, this Agreement, the Hulk Purchase Agreement, the Lease or the Consent and to the further effect that the representations and warranties of the Lessee contained in Paragraph 3 hereof are true and correct as of the date of such certificate with the same effect as if made on such date.

(g) A Certificate of an officer of the Owner Participant, dated the First Delivery Date, to the effect that such Owner Participant is not in default under this Agreement or under the Trust Agreement, and to the further effect that no Federal tax liens (including tax liens filed pursuant to section 6323 of the United States Internal Revenue Code of 1954, as amended) or, to the best of the knowledge and belief of the Owner

Participant, other tax liens have been filed and are currently in effect against the Owner Participant which could adversely affect the interests of the Agent in the Hulks, the Equipment or the Lease or the rentals or other payments due or to become due thereunder.

In giving the opinions specified in this Paragraph 6, counsel may qualify its opinion to the effect that any agreement is a legal, valid and binding instrument enforceable in accordance with its terms by a general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally. In giving the opinion specified in subparagraph (a) of this Paragraph 6, counsel may rely (i) as to authorization, execution and delivery by the Builder of the documents executed by the Builder, on the opinion of counsel for the Builder and (ii) as to any matter governed by the law of any jurisdiction other than the State of New York or the United States, on the opinion of counsel for the Owner Participant, the Owner Trustee, the Builder or the Lessee as to such matter. In giving the opinion specified in clause (ii) of subparagraph (b) of this paragraph 6, counsel may rely on the opinion of the general counsel for the Owner Participant.

7. The Owner Trustee shall purchase and pay for Hulks on the earlier of (i) the Closing Date relating to the unit of Equipment reconstructed from such Hulk under Article 3 of the Reconstruction and Conditional Sale Agreement and (ii) June 30, 1978 (the earlier of such dates being hereinafter called a Payment Date); provided, however, that the Owner Trustee's obligation to purchase and pay for Hulks on each Payment Date (and the Owner Participant's obligation to furnish to the Owner Trustee funds for that purpose under the Trust Agreement) shall be subject to (A) the receipt, prior to the First Delivery Date of opinions of counsel and a certificate, dated on or not more than ten days prior to the First Delivery Date, to the same effect as the opinions and certificate set forth in subparagraphs (c), (d), (e) and (f), respectively, of Paragraph 6 hereof (unless waived by the Owner Trustee and the Owner Participant by written notice to the Builder and the Agent on or prior to the First Delivery Date), (B) the receipt, on or prior to such Payment Date, of the Bill or Bills of Sale, the Certificate or Certificates of Acceptance and an opinion of counsel of the Lessee, all as referred to in the fourth paragraph of the Hulk Purchase Agreement, (C) the receipt, on or prior to such Payment Date, of the invoice or invoices of the Lessee for the Hulks required to be delivered pursuant to clause (b) of the eighth paragraph of Article 3 of the Reconstruction

and Conditional Sale Agreement, (D) delivery to and acceptance by the Builder of such Hulks in accordance with the provisions set forth in the first paragraph of Article 2 of the Reconstruction and Conditional Sale Agreement and (E) commencement of actual reconstruction of such Hulks by the Builder in accordance with the provisions set forth in the first paragraph of Article 2 of the Reconstruction and Conditional Sale Agreement.

The Lessee shall furnish the Agent, the Owner Trustee and the Owner Participant three days' prior written notice of the First Delivery Date, which notice may be waived by the Agent, the Owner Trustee and the Owner Participant.

8. The Owner Trustee's obligation to pay the Reconstruction Cost with respect to each unit of Equipment being settled for on any Closing Date under the Reconstruction and Conditional Sale Agreement (and the Owner Participant's obligation to furnish to the Owner Trustee funds for that purpose under the Trust Agreement) shall be subject to (A) prior to the dates therein provided, the receipt of and compliance with all of the items and conditions referred to in the preceding Paragraph 7 relating to the Hulk which was reconstructed into such unit of Equipment, and (B) the receipt, on or prior to such Closing Date, of all additional items to be delivered pursuant to the eighth paragraph of Article 3 of the Reconstruction and Conditional Sale Agreement relating to such unit of Equipment.

9. So long as, to the actual knowledge of the Agent, the Lessee is not in default under this Agreement, and no event of default or event which with lapse of time and/or demand provided for in the Reconstruction and Conditional Sale Agreement or the Lease could constitute an event of default under the Reconstruction and Conditional Sale Agreement or an Event of Default under the Lease shall have occurred and be continuing (any such default, event of default or event being hereinafter called a Default), the Agent will, upon the written direction of the Lessee, invest and reinvest (whether through outright purchase or repurchase agreements) the moneys deposited with it pursuant to Paragraph 2 hereof in such of the following as may be specified in such direction: (i) direct obligations of the United States of America or obligations for which the full faith and credit of the United States of America is pledged to provide for the payment of principal and interest, or (ii) certificates of deposit or banker's acceptances of

domestic commercial banks having total assets in excess of \$1,000,000,000, in each case maturing in not more than 90 days from the date of such investment and not later than June 30, 1978 (all such investments being hereinafter called Investments). The Agent shall not purchase any Investment at a price exceeding the par value thereof and shall not sell any Investment prior to maturity if the proceeds of such sale (including interest received on such Investment) shall be less than the cost thereof (including accrued interest). Upon any sale or payment at maturity of any Investment, the proceeds thereof, plus any interest received by the Agent thereon, shall, unless reinvested as permitted by this Paragraph 9, be held by the Agent for application pursuant to the second paragraph of this Paragraph 9. If such proceeds (plus such interest) shall be less than the cost (including accrued interest) of such Investment, the Owner Participant will pay to the Agent an amount equal to such deficiency. Any payment in respect of such deficiency shall be held and applied by the Agent in like manner as the proceeds of the sale of Investments.

Subject to the terms and conditions hereof, upon each delivery to the Lessor under the Reconstruction and Conditional Sale Agreement of a Group (as therein defined) of the Equipment and the receipt by the Agent of the delivery papers with respect thereto to be delivered by the Builder and the Lessee in accordance with Article 3 thereof, the Agent will on each Closing Date (as defined in the Reconstruction and Conditional Sale Agreement):

(a) pay to the Lessee and the Builder, as their interests may appear, in accordance with the Reconstruction and Conditional Sale Agreement, out of moneys paid to the Agent pursuant to Paragraph 2 hereof and then on deposit with the Agent an amount equal to the Conditional Sale Indebtedness with respect to such Group; and

(b) if such moneys then on deposit are insufficient to make such payment, promptly upon receipt of notice of closing with respect to such Group under the Reconstruction and Conditional Sale Agreement and subject to the provisions hereinabove set forth in this Paragraph 9, sell such portion of the Investments as, together with such moneys, may be necessary in order to provide sufficient funds for such payment and use such moneys and the funds so derived, together with interest received

on the Investments and any deficiency paid by the Owner Trustee as contemplated by the first paragraph of this Paragraph 9 and held by the Agent, to make such payment to the Lessee and the Builder required to be made on such Closing Date pursuant to the Reconstruction and Conditional Sale Agreement.

If, on the earlier of (1) the last Closing Date occurring under the Reconstruction and Conditional Sale Agreement and (2) June 30, 1978 (the earlier of said dates being hereinafter called the Cut-Off Date), the aggregate Conditional Sale Indebtedness will be less than the amount theretofore deposited with the Agent pursuant to Paragraph 2 hereof (less any amounts prepaid pursuant to Paragraph 10 hereof) (the amount of said difference being hereinafter called the Surplus Deposit), the Agent will promptly (i) notify the Investors thereof, (ii) sell all Investments then held by the Agent as promptly as possible and (iii) apply on the Cut-Off Date (or as promptly thereafter as possible) (a) the balance of the funds on deposit with the Agent pursuant to Paragraph 2 hereof and (b) all proceeds of the sale of Investments and interest received by the Agent on Investments, together with any deficiency paid by the Owner Trustee as contemplated by the first paragraph of this Paragraph 9 and moneys paid to the Agent pursuant to the last paragraph of this Paragraph 9 to the pro rata repayment of a portion of the investments made by the Investors hereunder without premium to the extent of the amount of the Surplus Deposit and to the payment of interest on such repayment as provided in the next succeeding paragraph hereof, against surrender by each Investor to the Agent of the certificates of interest theretofore delivered by the Agent in respect of which a repayment is to be made, as hereinafter provided, for new certificates of interest acknowledging each Investor's actual investment in the aggregate Conditional Sale Indebtedness (and a new schedule of payments reflecting such investment). Each Investor, at its option, in lieu of surrendering its certificate or certificates of interest as provided in the immediately preceding sentence, may make appropriate notation on such certificate or certificates of interest of repayment of a portion of its investment and notify the Agent and the Owner Trustee in writing that such notation has been made. Any remaining balance of such funds and proceeds and interest thereon received by the Agent shall be paid by the Agent to the Lessee so long as the Agent has no actual notice of a Default.

On each of the following dates, the Owner Trustee will pay to the Agent such amounts as will enable the Agent to pay to each Investor the following amounts on each of the following dates: (a) on the Cut-Off Date (or as promptly thereafter as practicable), an amount equal to interest at the rate of 8-1/2% per annum on the Surplus Deposit, if any, repaid to such Investor pursuant to the immediately preceding paragraph for the period from such Investor's Date or Dates of Deposit (or if later, the date to which interest has been paid) to the date of such repayment; and (b) on July 20, 1978, such amounts, if any, as, when added to the interest received by the Agent under the Reconstruction and Conditional Sale Agreement on such date, will enable the Agent to pay to each Investor an amount equal to interest at the rate of 8-1/2% per annum on the unrepaid investment of such Investor from its Date or Dates of Deposit. The Agent will accept such payments from the Owner Trustee and will make the payments to the Investors contemplated by the preceding sentence.

10. The Agent will accept payments made to it by or for the account of the Owner Trustee pursuant to the Reconstruction and Conditional Sale Agreement on account of the principal of or interest on the Conditional Sale Indebtedness and will apply such payments promptly first, to the pro rata payment of interest payable to the Investors on their respective interests in the Conditional Sale Indebtedness, and second, to the pro rata payment of their respective interests in the instalments of Conditional Sale Indebtedness in the order of maturity thereof until the same shall have been paid in full.

The Agent will accept all sums paid to it pursuant to Article 6 of the Reconstruction and Conditional Sale Agreement with respect to Casualty Occurrences (as therein defined) and will apply such sums to the pro rata prepayment of each of the instalments of the aggregate Conditional Sale Indebtedness remaining unpaid (in proportion to the principal amount of aggregate Conditional Sale Indebtedness represented by each such instalment), without premium, together with interest accrued and unpaid on such prepaid Conditional Sale Indebtedness and will distribute such prepayment and interest thereon pro rata among the Investors in accordance with their respective interests in the instalments of Conditional Sale Indebtedness being prepaid. The Agent will furnish to each Investor a revised schedule or schedules of payments showing the reduction of such holder's interest in the

instalments of the aggregate Conditional Sale Indebtedness remaining unpaid and the interest payable thereon.

Notwithstanding anything to the contrary contained herein, if a Declaration of Default (as defined in the Reconstruction and Conditional Sale Agreement) is in effect, all moneys held by or coming into the possession of the Agent under the Reconstruction and Conditional Sale Agreement or the Lease applicable to the payment or prepayment of Conditional Sale Indebtedness or interest thereon (including, without limitation, the net proceeds of any repossession and sale or lease of any unit of the Equipment after deduction of all expenses, including reasonable counsel fees, incurred by the Agent in connection with such repossession and sale or lease or otherwise hereunder in connection with the Reconstruction and Conditional Sale Agreement which shall not theretofore have been reimbursed to the Agent by the Owner Trustee pursuant to the Reconstruction and Conditional Sale Agreement) immediately shall be distributed by the Agent pro rata among the Investors in accordance with their respective interests in the Conditional Sale Indebtedness thereunder at the time of such distribution and the Agent shall otherwise take such action as is referred to in this Paragraph 10.

All payments to be made by the Agent hereunder shall (subject to timely receipt by the Agent of available funds) be made by check mailed to the Investors on the date such payment is due or, upon written request of any Investor, by bank wire transfer of clearing house funds to such Investor at such address as may be specified to the Agent in writing.

So long as, to the actual knowledge of the Agent, no Default shall have occurred and be continuing, the Agent shall be entitled to use its discretion with respect to exercising or refraining from exercising any rights or taking or refraining from taking any action which may be vested in it, or which it may be entitled to assert or take, hereunder or under the Reconstruction and Conditional Sale Agreement and the Lease, except as otherwise specifically provided herein. The Agent shall not incur any liability hereunder or otherwise in acting upon any notice, certificate or other paper or instrument believed by it to be genuine and signed by the proper party or parties, or with respect to anything which it may do or refrain from doing in the exercise of its best judgment, or which may seem to it to be necessary or desirable in the premises, except liability resulting from its own misconduct or negligence; provided, however, that

in case the Agent shall have actual knowledge of the occurrence of a Default it shall promptly notify the Owner Trustee, the Owner Participant, the Lessee and the Investors thereof and shall, subject to the provisions of the second paragraph of Article 14 of the Reconstruction and Conditional Sale Agreement, take such action and assert such rights under the Reconstruction and Conditional Sale Agreement and the Lease as shall be agreed upon by holders of interests totaling more than 50% of the aggregate Conditional Sale Indebtedness then outstanding. In case the Agent is required to take action hereunder, it shall be indemnified against any liability or expense, including reasonable counsel fees, in connection with taking such action or asserting such rights by the holders directing the Agent to take such action, in proportion to each holder's interest in the aggregate outstanding Conditional Sale Indebtedness of the holders agreeing to such action.

The Agent may consult with legal counsel of its own choice, and shall not be under any liability for any action taken or suffered in good faith by it in accordance with the opinion of such counsel.

The Agent will promptly mail or deliver one counterpart or copy of all notices, statements, documents or schedules received by it from the Owner Trustee or the Lessee pursuant to the Reconstruction and Conditional Sale Agreement or the Lease to each Investor who shall have requested the same in writing.

All notices, instructions, directions and approvals to be delivered hereunder to the Agent by any Investor shall be in writing signed by an officer, assistant officer, manager or assistant manager of such Investor, and the Agent may rely on any notice, instruction, direction or approval so signed.

The Agent does not make any representation or assume any responsibility with respect to (i) the validity of the Reconstruction and Conditional Sale Agreement, the Transfer Agreement, the Lease, the Consent, the Lease Assignment or any certificate of interest (except with respect to its own execution thereof) or any of the matters covered thereby or (ii) the value of or the title to the Equipment.

In the event of any dispute with respect to the delivery or ownership or right to possession of funds or documents at any time held by the Agent hereunder, or with

respect to title to any unit of the Hulks or the Equipment, the Agent is hereby authorized and directed to retain, without liability to anyone, all or any of such funds or documents or title to such unit until such dispute shall have been settled either by agreement of the Investors or by final order, decree or judgment of a court of competent jurisdiction.

The Agent shall be entitled to terminate its duties and responsibilities hereunder by giving written notice to the Investors that it desires to terminate such duties and responsibilities on a date (at least 30 days subsequent to the giving of such notice) stated in said notice; it being understood and agreed that the Agent shall also give such notice if it is directed so to do by the holders of interests totaling more than 50% of the aggregate Conditional Sale Indebtedness then outstanding. If, prior to the date stated in said notice, the holders of interests totaling more than 50% of the aggregate Conditional Sale Indebtedness then outstanding shall have requested in writing that the Agent assign to a person or institution designated by such holders all right, title and interest of the Agent under the Reconstruction and Conditional Sale Agreement, the Transfer Agreement and the Lease Assignment and in and to the Hulks and the Equipment and the Lease, the Agent shall comply with such request. In the event that such request is not received by the Agent on or before the date designated in said notice, the Agent shall be entitled to appoint a successor to act hereunder (which successor shall be a bank or trust company located in any state of the United States of America, having capital and surplus aggregating at least \$50,000,000) and to assign to such successor, subject to the provisions of this Agreement, all such right, title and interest of the Agent. Upon such assignment by the Agent to a person or institution designated by such holders or, in the absence of such designation, to a successor appointed by the Agent, the Agent shall thereupon be relieved of all duties and responsibilities hereunder.

11. Comdisco Financial Services, Inc., as set forth in its letter to the Lessee and the Owner Participant dated as of June 1, 1977, with respect to this financing, will pay (i) all the costs and expenses in connection with the preparation, execution and delivery of this Agreement, the Lease, the Reconstruction and Conditional Sale Agreement, the Lease Assignment, the Hulk Purchase Agreement and the Transfer

Agreement and any amendments, supplements or waivers with respect hereto or thereto including the reasonable fees and disbursements of Messrs. Cravath, Swaine & Moore as special counsel for the Agent and the Investors, (ii) the reasonable fees and disbursements of the Agent and the Owner Trustee except those subsequent to termination of the Lease by the Agent or attributable to periods during the continuance of a Declaration of Default under the Reconstruction and Conditional Sale Agreement (which shall be paid by the Lessee) and (iii) the fees of Salomon Brothers in connection with the arranging of financing.

12. All documents and funds deliverable hereunder to the Agent shall be delivered to it at its address at P. O. Box 2258, Baltimore, Maryland 21203, Attention of Corporate Trust Department, with a copy to Comdisco Financial Services, Inc., 530 Bush Street, San Francisco, California 94108, or as the Agent may otherwise specify.

All documents and funds deliverable hereunder to an Investor shall be delivered or mailed to it at its address set forth in Schedule A hereto, or as such Investor may otherwise specify.

All documents and funds deliverable hereunder to the Lessor or Owner Trustee shall be delivered to it at its address at 79 South Main Street, Salt Lake City, Utah 84111, Attention of Corporate Trust Division, with a copy to Comdisco Financial Services, Inc., 530 Bush Street, San Francisco, California 94108, or as the Lessor or Owner Trustee may otherwise specify.

All documents and funds deliverable hereunder to the Lessee shall be delivered to it at its address at 908 West Broadway, Louisville, Kentucky 40201.

All documents and funds deliverable hereunder to the Owner Participant shall be delivered to it at its address at One IBM Plaza, Suite 2700, Chicago, Illinois 60611, Attention of Manager, Leveraged Leasing, with a copy to Comdisco Financial Services, Inc., 530 Bush Street, San Francisco, California 94108, or as the Owner Participant may otherwise specify.

All documents deliverable hereunder to Messrs.

Cravath, Swaine & Moore shall be delivered to them at One Chase Manhattan Plaza, New York, New York 10005.

13. In the event that the Owner Trustee or the Lessee shall have knowledge of an Event of Default under the Lease or an event of default under the Reconstruction and Conditional Sale Agreement, such party shall give prompt telephonic notice (confirmed in writing) thereof to the Agent and to the Owner Participant.

14. The terms of this Agreement and all rights and obligations of the parties hereto hereunder shall be governed by the laws of the State of Kentucky. Such terms, rights and obligations may not be changed orally, but may be changed only by an agreement in writing signed by the party against whom enforcement of such change is sought.

15. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument. It shall not be necessary that any counterpart be signed by all the parties so long as the Agent, the Owner Participant, the Owner Trustee and the Lessee each shall sign a counterpart and each counterpart signed by an Investor shall have theretofore been signed by the Agent. The parties hereto contemplate that the parties hereto other than the Investors may execute and deliver this Agreement prior to the date or dates of execution and delivery of this Agreement by the Investors. This Agreement shall be valid, binding and effective among the parties so signing it when and as it is executed by the Agent, the Owner Participant, the Owner Trustee and the Lessee, the Builder executes the Builder's Consent And Agreement hereto and the Agent shall have received from such other parties and the Builder (or as to which the Agent shall have received attested telegraphic communication confirming execution of) counterparts executed by such other parties and the Builder. The Agent, acting not in its individual capacity but solely as Agent, is authorized to enter into those Agreements represented by the forms of the Annexes to this Agreement and the Exhibits thereto to which it is a party as soon as this Agreement shall be valid and binding on it as aforesaid; any Investor entering into this Agreement subsequent to the date or dates that the Agent signs such other Agreements thereby ratifies the entering into of such other Agreements by the Agent.

16. It is expressly understood and agreed by

and between the parties hereto that this Agreement is executed by the Owner Trustee not individually or personally but solely as trustee under the Trust Agreement in the exercise of the power and authority therein conferred and vested in it as such trustee (and the Owner Trustee hereby warrants in its individual capacity that it possesses full power and authority to enter into and perform this Agreement); and it is expressly understood and agreed that, except in the case of gross negligence or wilful misconduct of the Owner Trustee (which shall not be imputed to the Owner Participant) and except as otherwise provided in paragraph 4 hereof, nothing herein contained shall be construed as creating any liability on the Owner Trustee and, except as otherwise expressly provided herein, nothing herein contained shall be construed as creating any liability on the Owner Participant, individually or personally, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Investors and the holders of the Certificates of Interest and by each and every person now or hereafter claiming by, through or under the Investors or the holder of any Certificate of Interest; and that, so far as the Owner Trustee and the Owner Participant, individually or personally, are concerned, the Investors and the holder of any Certificate of Interest and any person claiming by, through or under the Investors or the holder of any Certificate of Interest shall look solely to the trust estate created under the Trust Agreement for payment of the indebtedness evidenced by any Certificate of Interest and the performance of any obligation under any of the instruments referred to herein.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by duly authorized officers or other persons, as of the date first above written.

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY,

by

Assistant Vice President

[Corporate Seal]

Attest:

Corporate Trust Officer

BWL, INC.,

by

Vice President

LOUISVILLE AND NASHVILLE RAILROAD
COMPANY,

by

Assistant Vice President

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, not in its
individual capacity but solely as
Owner Trustee,

by

Authorized Officer

AMERICAN MUTUAL LIFE INSURANCE
COMPANY,

by

Senior Vice President and
Treasurer

CUNA MUTUAL GROUP,

by

Assistant Vice President

EMPLOYERS MUTUAL LIABILITY
INSURANCE COMPANY OF WISCONSIN,

by

Manager--Bond Investments

THE HOWARD SAVINGS BANK,

by

Executive Vice President

MECHANICS EXCHANGE SAVINGS BANK,

by

Vice President--Treasurer

MERCHANTS-PRODUCE BANK,

by

Senior Vice President

ROYAL NEIGHBORS OF AMERICA,

by

President (Supreme Oracle)

Secretary (Supreme Recorder)

STANDARD INSURANCE COMPANY,

by

Assistant Vice President--
Investments

VILLAGE SAVINGS BANKS,

by

Vice President

SCHEDULE A--INVESTORS

<u>Investor</u>	<u>Date of Deposit</u>	<u>Amount of Deposit</u>
American Mutual Life Insurance Company Liberty Building 418 Sixth Avenue Des Moines, Iowa 50307 Attention of William R. Engel, Esq. Senior Vice Presi- dent and Treasurer	November 17, 1977	\$ 500,000
CUNA Mutual Group P. O. Box 391 Madison, Wisconsin 53701 Attention of Lyle T. Ibeling, Esq. CFA, Assistant Vice President--Securities Manager	September 20, 1977	2,500,000
Employers Mutual Liability Insurance Company of Wisconsin 2000 Westwood Drive Wausau, Wisconsin 54401 Attention of Investment Department	August 17, 1977	2,575,000

<u>Investor</u>	<u>Date of Deposit</u>	<u>Amount of Deposit</u>
The Howard Savings Bank	August 17, 1977	\$2,000,000
768 Broad Street	September 20, 1977	3,000,000
Newark, New Jersey 07101		

Attention of John J. Quinn, Esq.
Assistant Vice President

(Certificates should be registered
in the name of Ince & Co. and
delivered to:

Trust Custody Division,
Morgan Guaranty Trust Company
of New York,
23 Wall Street,
New York, N. Y. 10015

for deposit under advice to the
Investor in custody account # 12583.

Principal and interest payments in
the form of immediately available
funds to be wired to Ince & Co.
care of Morgan Guaranty Trust Company
for the account of the Investor
(custody account # 12583).

Mechanics Exchange Savings Bank	September 20, 1977	500,000
111 Washington Avenue		
Albany, New York 12201		

Attention of Robert H. Meyer, Esq.
Vice President--
Treasurer

Merchants-Produce Bank	September 20, 1977	250,000
6th and Walnut Streets		
Kansas City, Missouri 64106		

Attention of Donald L. Kempter, Esq.,
Senior Vice President

<u>Investor</u>	<u>Date of Deposit</u>	<u>Amount of Deposit</u>
Royal Neighbors of America 230 Sixteenth Street Rock Island, Illinois 61201 Attention of Investment Department (Certificate of Interest sent to: Royal Neighbors of America 230 Sixteenth Street Rock Island, Illinois 61201 Attention of Treasurer - I.D. Payment of principal and interest in immediately available funds by wire transfer to: The Northern Trust Company Fifty South LaSalle Street Chicago, Illinois 60690 Re: L&N 8-1/2% Royal Neighbors of America Insurance Fund Account No. 004308)	September 20, 1977	\$ 500,000
Standard Insurance Company P. O. Box 711 Portland, Oregon 97207 Attention of Hubert A. Tondreau, Esq. Assistant Vice President- Securities	September 20, 1977	1,050,000
Village Savings Bank 133 North Main Street P. O. Box 149 Portchester, New York 10573 Attention of Robert Philips, Esq.	November 17, 1977	250,000

BUILDER'S CONSENT AND AGREEMENT

The undersigned, L&N INVESTMENT CORPORATION, a Delaware corporation, the Builder referred to in the foregoing Participation Agreement (hereinafter called the Participation Agreement), hereby (a) acknowledges receipt of a copy of the Participation Agreement, (b) consents to all the terms and conditions of the Participation Agreement and (c) covenants that it will not transfer its interest acquired pursuant to the Reconstruction and Conditional Sale Agreement to any person or other entity which is at the time a party in interest with respect to any employee benefit plan the assets of which were used by the Owner Participant or any Investor in making its investment pursuant to the Participation Agreement, all within the meaning of ERISA.

Dated as of June 1, 1977.

L&N INVESTMENT CORPORATION,

by

Vice President

[Corporate Seal]

Attest:

Attesting Officer

ANNEX B
to the
PARTICIPATION
AGREEMENT

TRUST AGREEMENT

Dated as of June 1, 1977

between

BWL, Inc.

and

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION

TRUST AGREEMENT

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* This Table of Contents has been included in this document for convenience only and does not form a part of, or affect any construction or interpretation of this document.

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THIS TRUST AGREEMENT dated as of June 1, 1977, between BWL, INC., a Delaware corporation (hereinafter called the Company), and FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, a national banking association, as trustee hereunder (hereinafter called the Trustee).

W I T N E S S E T H :

ARTICLE I.

Authority To Execute the Trust Documents;
Declaration of Trust

Section 1.01. The Company hereby authorizes and directs the Trustee (i) to execute and deliver a Hulk Purchase Agreement dated as of the date hereof (hereinafter called the Hulk Purchase Agreement) between the Louisville and Nashville Railroad Company, a Kentucky corporation (hereinafter called the Lessee), and the Trustee; (ii) to execute and deliver a Reconstruction and Conditional Sale Agreement dated as of the date hereof (hereinafter called the Conditional Sale Agreement), among L&N Investment Corporation, a Delaware corporation (hereinafter called the Builder), the Trustee and Mercantile-Safe Deposit and Trust Company, not in its individual capacity but solely as Agent (hereinafter called the Vendor); (iii) to execute and deliver a Lease of Railroad Equipment dated as of the date hereof (hereinafter called the Lease), between the Trustee and the Lessee; (iv) to execute and deliver an Assignment of Lease and Agreement dated as of the date hereof (hereinafter called the Lease Assignment), between the Vendor and the Trustee; (v) to execute and deliver a Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement), among the Vendor, the Company, the Trustee and the parties named in Schedule A attached to the Participation Agreement; (vi) to execute and deliver a Transfer Agreement dated as of the date hereof (hereinafter called the Transfer Agreement) between the Trustee and the Vendor; (vii) to execute and deliver each document referred to in the Conditional Sale Agreement, the Lease, the Hulk Purchase Agreement or the Transfer Agreement which is to be executed and delivered by the Trustee; (viii) to authorize a representative of the Trustee (who may be an employee of the Lessee)

to accept delivery of each item of equipment from time to time delivered to the Trustee under and in accordance with the terms of the Hulk Purchase Agreement or the Conditional Sale Agreement (any and all such equipment from time to time delivered under the Hulk Purchase Agreement being hereinafter called a Hulk or the Hulks, and any and all such equipment from time to time delivered under the Conditional Sale Agreement being hereinafter called the Equipment) and to accept delivery, through such representative or directly, of any and all bills of sale and invoices in favor of the Trustee covering any Hulks or Equipment; (ix) to pay to the Builder or the Lessee in payment for a portion of the purchase price of the Equipment or the Hulks, such funds as the Company may from time to time furnish the Trustee for such purpose; (x) subject to the terms of this Trust Agreement, to exercise the rights and perform the duties of the Vendee under the Hulk Purchase Agreement and the Conditional Sale Agreement and of the Lessor under the Lease; and (xi) to take such other action in connection with any of the foregoing as the Company may from time to time direct.

The Conditional Sale Agreement, the Hulk Purchase Agreement, the Participation Agreement, the Lease, the Lease Assignment, the Transfer Agreement and all other documents (except this Trust Agreement and any amendments and supplements thereto) contemplated hereby or thereby, including any amendments and supplements thereof, are herein sometimes collectively called the Trust Documents.

Section 1.02. The Trustee hereby declares that it will hold all estate, right, title and interest of the Trustee in and to the Hulks, the Equipment and the Trust Documents, including, without limitation, all amounts of rent, insurance proceeds, indemnity and other payments of any kind for or with respect to any Equipment payable under the Trust Documents (all such estate, right, title and interest being hereinafter sometimes called the Trust Estate), upon the trusts hereinafter set forth for the use and benefit of the Company, subject, however, to the obligations of the Trustee to make payment to the Builder or the Vendor in accordance with the terms of, and to the extent expressly provided in, Article II hereof; provided, however, that the Trust Estate shall not include any amounts paid or payable to the Company, or any right, title and interest, powers, privileges or other benefits of the Company, under the Indemnity Agreement dated as of June 1, 1977, between the Company and the Lessee.

Section 1.03. The Company agrees with the Trustee to provide the Trustee with sufficient funds to make payments to the Vendor, the Lessee or the Builder, as the case may be, to the extent required by, and subject to the terms and conditions of, the Participation Agreement, the Hulk Purchase Agreement and subparagraph (b) of the third paragraph of Article 3 of the Conditional Sale Agreement, so as to effect the acquisition of the Hulks and the Equipment by the Trustee and to permit the Trustee to perform its obligations thereunder, notwithstanding the limitation of liability as to the Beneficiary (but not the Trustee) set forth in Article 21 of the Conditional Sale Agreement. Subject to the provisions of Section 6.01 hereof, the Company agrees with the Trustee to take all necessary actions, including, without limitation, payment of funds, to enable the Trustee to discharge its obligations pursuant to the proviso to the last paragraph of Article 11 of the Conditional Sale Agreement, in so far as such obligations relate to claims, liens, charges or security interests claimed by any party from, through or under the Company or its successors or assigns.

Section 1.04. It is hereby agreed that the Vendor, the Lessee and the Builder are constituted third-party beneficiaries to each of the covenants and agreements of the Company contained in Section 1.03 hereof.

ARTICLE II

Receipt, Distribution and Application of Income from the Trust Estate

Section 2.01. (a) The parties acknowledge that the Lease will be assigned to the Vendor pursuant to the Lease Assignment which provides that all moneys payable by the Lessee under the Lease are to be paid to the Vendor while the Lease Assignment is in effect. If, pursuant to the terms of the Lease and the Lease Assignment, the Trustee receives any amounts of money from the Vendor, the Trustee shall forthwith upon such receipt apply such amounts as follows:

(i) to the payment of the necessary and reasonable expenses of the trust hereby created; and

(ii) the balance, if any, to the Company, in the manner provided for payment in paragraph (c) of this Section.

(b) In the event that any amounts are received by the Trustee under the Lease directly from the Lessee while the Conditional Sale Indebtedness (as defined in the Conditional Sale Agreement) remains outstanding and the Conditional Sale Agreement is in force, such amounts shall be applied as follows:

(i) in satisfaction of the obligations, if any, of the Trustee under the Conditional Sale Agreement;

(ii) to the payment of the necessary and reasonable expenses of the trust hereby created; and

(iii) the balance, if any, to the Company, in the manner provided for payment in paragraph (c) of this Section.

(c) In the event that any amounts are received by the Trustee under the Lease directly from the Lessee after all of the Conditional Sale Indebtedness has been paid in full and the Conditional Sale Agreement is no longer in effect, such amounts, after payment of the necessary and reasonable expenses of the trust hereby created shall be paid over to the Company, not later than the first business day following such receipt. Such payments shall be made by wire transfer of immediately available funds by the Trustee to such bank in the continental United States for the account of the Company as the Company from time to time shall have directed the Trustee in writing, and if no such direction shall have been given, by check of the Trustee payable to the order of the Company and mailed to the Company in the manner provided in Section 9.05 hereof.

Section 2.02. The Trustee shall make distributions to (a) the Company pursuant to this Article II by paying the amount to be distributed to the Company in the manner above provided or as the Company may otherwise direct in writing, and (b) the Vendor pursuant to this Article II by paying the amount to be distributed to the Vendor in the manner specified in the Conditional Sale Agreement.

ARTICLE III

Duties of the Trustee

Section 3.01. In the event the Trustee shall

have knowledge of an event of default under the Trust Documents, the Trustee shall give prompt notice in writing thereof to the Company, unless the same to the knowledge of the Trustee shall have been remedied before the giving of such notice. Subject in all respects to the terms and provisions of the Conditional Sale Agreement and the Lease Assignment and the rights of the Vendor thereunder, and subject further to the terms of Section 3.03 hereof, the Trustee shall take such action with respect to such event of default as the Company shall direct by written notice to the Trustee, including, without limitation, the application of moneys furnished by the Company and moneys in the Trust Estate available for the purpose to the payment of the principal of and interest on the Conditional Sale Indebtedness pursuant to the Conditional Sale Agreement. For all purposes of this Trust Agreement, in the absence of actual knowledge, the Trustee shall not be deemed to have knowledge of such an event of default unless notified in writing by the Vendor, the Lessee or the Company.

Section 3.02. Subject in all respects to the terms and provisions of the Trust Documents and the rights of the Vendor and the Lessee thereunder, and subject further to the terms of Sections 3.01 and 3.03 hereof, upon the written request at any time and from time to time of the Company, the Trustee will take such of the following actions as may be specified in such request: (i) give such notice or direction or exercise such right or power under the Trust Documents or with respect to the Hulks or the Equipment, including, without limitation, the right to transfer, assign or convey the Trustee's interest in any of the Trust Documents, or any of the Hulks or the Equipment, as shall be specified in such request; and (ii) after the expiration or earlier termination of the Lease with respect to a unit of Equipment, convey all the Trustee's right, title and interest in and to such unit of Equipment for such amount, on such terms and to such purchaser or purchasers as shall be designated in such request, or retain, lease or otherwise dispose of such unit of Equipment as shall be designated in such request.

Section 3.03. The Trustee shall not be required to take any action under Section 3.01 or Section 3.02 hereof unless the Trustee shall have been indemnified by the Company in manner and form satisfactory to the Trustee, against any liability, cost or expense (including, without limitation, counsel fees) which may be incurred in connec-

tion with such action. The Trustee shall not be required to take any action under Section 3.01 or Section 3.02 hereof, nor shall any other provision of this Trust Agreement be deemed to impose a duty on the Trustee to take any action, if the Trustee shall determine, or shall have been advised by counsel, that such action is likely to result in personal liability or is contrary to the terms of the Trust Documents or is otherwise contrary to law or regulation.

Section 3.04. The Trustee shall not have any duty or obligation to manage, control, use, sell, dispose or otherwise deal with any of the Hulks or the Equipment or any other part of the Trust Estate, or to otherwise take or refrain from taking any action under, or in connection with, the Trust Documents, except as expressly provided by the terms of this Trust Agreement or as expressly provided in written instructions from the Company received pursuant to the terms of Section 3.01 or Section 3.02 hereof; and no implied duties or obligations shall be read into this Trust Agreement against the Trustee. In addition, the Company agrees to provide the Trustee with such other information and instructions which the Trustee may reasonably request as necessary to enable it to perform and observe the terms and provisions of the Trust Documents to be observed and performed by it. Notwithstanding anything to the contrary contained in this Trust Agreement (including, without limitation, the provisions of Section 4.02 hereof), the Trustee agrees that it will, in its individual capacity and at its own cost and expense, promptly take such action as may be necessary to duly discharge any liens or encumbrances on any part of the Trust Estate which result from claims against the Trustee while acting in its individual capacity unrelated to its performance of the administration of the Trust Estate or any other transaction pursuant to this Trust Agreement or the Trust Documents.

Section 3.05. The Trustee agrees that it will not manage, control, use, sell, dispose or otherwise deal with any of the Hulks or the Equipment or any other part of the Trust Estate except (i) as required by the terms of the Trust Documents or (ii) in accordance with the powers granted to, or the authority conferred upon, the Trustee pursuant to this Trust Agreement or (iii) in accordance with written instructions from the Company pursuant to Section 3.01 or Section 3.02 hereof.

Section 3.06. In the event that the Trustee

receives any notices, reports or other communications in respect of the Trust Documents or the Equipment, the Trustee shall promptly transmit a copy of the same to the Company in accordance with the provisions of Section 9.05 hereof.

Section 3.07. It is contemplated that certain tax reports and returns are to be prepared and filed by the Lessee pursuant to Section 5 of the Lease. In case any tax report or tax return is required to be made with respect to the Trust Estate and the Lessee is not required to prepare and file the same pursuant to the Lease, the Trustee (or party appointed by the Trustee) will at the request and expense of the Company prepare such tax report or return and deliver a copy thereof to the Company. Upon the request of the Trustee, the Company will provide such instruments, documents, certificates or other information as is reasonably necessary to enable the Trustee to prepare any such tax report or return. The Trustee agrees to forward to the Company in accordance with the provisions of Section 9.05 hereof any communications with respect to taxes pertaining to the Trust Estate which are received by the Trustee from tax authorities or from the Lessee.

ARTICLE IV

The Trustee

Section 4.01. The Trustee accepts the trust hereby created and agrees to perform the same but only upon the terms of this Agreement. The Trustee, in receiving and disbursing all moneys actually received by it constituting a part of the Trust Estate upon the terms set forth in this Trust Agreement agrees to exercise the same degree of care and skill as is customarily exercised by similar institutions. The Trustee shall not be answerable or accountable under any circumstances except for its own wilful misconduct or gross negligence or for its failure to receive and disburse moneys in accordance with the preceding sentence.

Section 4.02. Except in accordance with written instructions furnished pursuant to Section 3.02 hereof, and without limitation of the generality of Section 3.04 hereof, the Trustee shall have no duty (i) to see to any recording, filing or depositing of the Trust Documents or this Trust Agreement, or of any amendments or supplements thereto or of any other documents contemplated hereby or to see to maintenance of any such recording or filing or depositing

or to any rerecording, refiling or redepositing of any thereof, (ii) to see to any insurance on the Equipment or to effect or maintain any such insurance, (iii) to see to the payment or discharge of any tax, assessment or other governmental charge or any lien or encumbrance of any kind owing with respect to, or assessed or levied against, any part of the Trust Estate, (iv) to confirm or verify any reports of the Lessee other than to furnish the Company with a copy of each such report furnished the Trustee by the Lessee pursuant to the Lease or (v) to inspect the Equipment at any time or ascertain or inquire as to the performance or observance of any of the Lessee's covenants under the Lease with respect to the Equipment.

Section 4.03. The Trustee represents and warrants that this Agreement has been duly authorized, executed and delivered by the Trustee and the Trust Documents to which it is a party have been (or at the time of execution and delivery of any such Trust Documents by the Trustee under this Trust Agreement, that such Trust Documents will be) duly executed and delivered by one of its officers who is or will be, as the case may be, duly authorized to execute and deliver such Trust Documents on behalf of the Trustee. THE TRUSTEE MAKES (i) NO REPRESENTATION OR WARRANTY AS TO THE VALUE, CONDITION OR FITNESS FOR USE OR ITS TITLE TO THE HULKS OR THE EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT THERETO WHATSOEVER, AND (ii) NO OTHER REPRESENTATION OR WARRANTY AS TO THE VALIDITY, LEGALITY OR ENFORCEABILITY OF THE TRUST DOCUMENTS, OR AS TO THE CORRECTNESS OF ANY STATEMENT CONTAINED IN ANY THEREOF.

Section 4.04. No moneys received by the Trustee hereunder need be segregated in any manner except to the extent required by law and the Trustee shall not be liable for any interest thereon.

Section 4.05. The Trustee shall incur no liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it to be signed by the proper party or parties. The Trustee may accept a copy of a resolution of the Board of Directors of any corporate party, certified by the Secretary, an Assistant Secretary or other authorized officer of said party, as duly adopted and in full force and effect, as conclusive evidence that such resolution has been duly adopted by said Board and that the same is in full

force and effect. As to any fact or matter the manner of ascertainment of which is not specifically described herein, the Trustee may for all purposes hereof rely on a certificate, signed by or on behalf of the proper party executing the same, as to such fact or matter, and such certificate shall constitute full protection to the Trustee for any action taken or suffered or omitted to be taken by it in good faith in reliance thereon. In the administration of the trusts hereunder, the Trustee may execute any of the trusts or powers hereof and perform its powers and duties hereunder directly or through agents or attorneys and may, at the expense of the Trust Estate, seek advice of counsel, accountants and other skilled persons to be selected and employed by it, and, subject to the provisions of Section 4.01, the Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons.

Section 4.06. In accepting the trusts hereby created, the Trustee acts solely as trustee hereunder and not in its individual capacity nor as agent for the Company; and all persons, other than the Company, having any claim against the Trustee by reason of the transactions contemplated hereby shall look only to the Trust Estate for payment or satisfaction thereof.

Section 4.07. The Trustee shall have the absolute right, acting independently, to take any action and to exercise any right, remedy, power or privilege conferred upon the Trustee hereunder; any action taken by the Trustee shall be binding upon the Trustee; and no person dealing with the Trustee shall be obligated to confirm the power and authority of the Trustee to act.

Section 4.08. The Trustee shall be entitled to receive reasonable compensation for its services and reimbursement for its reasonable expenses hereunder and under the Trust Documents.

ARTICLE V

Indemnification of Trustee by the Company

Section 5.01. The Company hereby agrees, whether or not any of the transactions contemplated hereby shall be consummated, to assume liability for, and does hereby indem-

nify, protect, save and keep harmless the Trustee and its respective successors, assigns, legal representatives, agents and servants from and against, any and all liabilities, obligations, losses, damages, penalties, taxes (such term "taxes" or the term "tax" as used in this Section 5.01 shall include all taxes specifically related to this Trust Agreement and the Trust Estate created hereby excluding, however, any income taxes on fees or other compensation received by the Trustee in its capacity as Trustee), claims, actions, suits, costs, expenses or disbursements (including, without limitation, legal fees and expenses) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Trustee (whether or not also indemnified against by the Lessee under the Lease or also indemnified against by the Builder or any other person) in any way relating to or arising out of this Trust Agreement, or the Trust Documents or any document contemplated thereby, or the performance or enforcement of any of the terms of any thereof, or in any way relating to or arising out of the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of the Hulks or the Equipment (including, without limitation, latent and other defects, whether or not discoverable, and any claim for patent, trademark or copyright infringement), or in any way relating to or arising out of the administration of the Trust Estate or the action or inaction of the Trustee hereunder, except only in the case of wilful misconduct or gross negligence on the part of the Trustee in the performance of its duties hereunder. The indemnities contained in this Section 5.01 shall survive the termination of this Trust Agreement. In addition, if necessary, the Trustee shall be entitled to indemnification from the Trust Estate for any liability, obligation, loss, damage, penalty, tax, claim, action, suit, cost, expense or disbursement indemnified against pursuant to this Section 5.01 to the extent not reimbursed by the Lessee, the Builder, the Company or any other person; and, to secure the same, the Trustee shall have a lien on the Trust Estate prior to any interest therein of the Company.

ARTICLE VI

Transfer of the Company's Interest

Section 6.01. The Company shall not assign, convey or otherwise transfer any of its right, title or inter-

est in and to this Trust Agreement or the Trust Estate, except that (a) all, but not less than all, of its right, title and interest may be assigned, conveyed or transferred by the Company to any corporation which is a parent, subsidiary, subsidiary of a parent, or other affiliated corporation of the Company and (b) except that all, but not less than all, of its right, title and interest in and to this Trust Agreement or the Trust Estate also may be assigned, conveyed or transferred by the Company, to any banking or financial institution having a combined capital and surplus of at least \$50,000,000 or a domestic corporation with net assets of at least \$50,000,000 (such institution or corporation to whom such interest in the Trust Estate may be assigned, conveyed or transferred being hereinafter referred to as the Transferee). In the event of any such assignment, conveyance or transfer, the Transferee shall become a party to this Trust Agreement and will agree to be bound by all the terms of and will undertake all the obligations of the Company contained in this Trust Agreement, all in such manner as is satisfactory to the Trustee and the Vendor; and if, but only if, the Transferee shall be a corporation of the type described in clause (a) above, the Company shall remain responsible and liable for all obligations of the Company under this Trust Agreement and the Trust Documents. No such assignment, conveyance or transfer shall violate any provision of law or regulation or create a relationship which would be in violation thereof. Upon any such disposition by the Company to a Transferee as above provided, the Transferee shall be deemed the "Company" for all purposes hereof, and shall be deemed to have made all the payments previously made by its transferor and to have acquired the same interest in the Trust Estate as theretofore held by its transferor; and each reference herein to the Company shall thereafter be deemed a reference to such Transferee.

Section 6.02. If the Company shall propose to assign, convey or transfer its interests hereunder pursuant to Section 6.01 hereof, it shall give written notice to the Trustee and the Vendor, specifying the name and address of the proposed Transferee, and enclosing the agreement or agreements referred to in Section 6.01 hereof.

ARTICLE VII

Successor Trustees

Section 7.01. (a) The Trustee or any successor thereto may resign at any time without cause by giving at

least 30 days' prior written notice to the Company, such resignation to be effective on the date specified in such notice. In addition, the Company may at any time remove the Trustee without cause by an instrument in writing delivered to the Trustee. In the case of the resignation or removal of any Trustee, the Company shall appoint a successor Trustee by an instrument signed by the Company. If the Company shall not have appointed a successor Trustee within 30 days after such resignation or removal, the Trustee or the Vendor, may apply to any court of competent jurisdiction to appoint a successor Trustee to act until such time, if any, as a successor shall have been appointed by the Company as above provided. Any successor Trustee so appointed by such court shall immediately and without further act be superseded by any successor Trustee appointed by the Company within one year from the date of the appointment by such court. Any successor Trustee hereunder shall be deemed the "Trustee" for all purposes hereof, and each reference herein to the Trustee shall thereafter be deemed a reference to such successor.

(b) Any successor Trustee, whether appointed by a court or by the Company, shall execute and deliver to the predecessor Trustee an instrument, reasonably satisfactory in substance to said predecessor Trustee, accepting such appointment, and thereupon such successor Trustee, without further act, shall become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor Trustee in the trusts hereunder with like effect as if originally named as Trustee herein; but nevertheless upon the written request of such successor Trustee such predecessor Trustee shall execute and deliver an instrument, reasonably satisfactory in substance to said successor Trustee, transferring to such successor Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of such predecessor Trustee, and such predecessor Trustee shall duly assign, transfer, deliver and pay over to such successor Trustee any property or moneys then held by such predecessor Trustee upon the trusts herein expressed.

(c) Any successor Trustee, however appointed, shall be a bank or trust company having a combined capital and surplus of at least \$50,000,000, if there is such an institution willing and able to act on reasonable and customary terms.

(d) Any corporation or national banking association into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or national banking association resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or national banking association to which substantially all the corporate and municipal trust business of the Trustee may be transferred, shall, subject to the terms of this Section 7.01, be the Trustee under this Trust Agreement without any further act.

ARTICLE VIII

Supplements and Amendments to This Trust Agreement and Other Documents

Section 8.01. At any time and from time to time, upon the written request of the Company, (i) subject to any limitations contained in the Conditional Sale Agreement, the Trustee and the Company shall execute a supplement hereto for the purpose of adding provisions to, or changing or eliminating provisions of, this Trust Agreement as specified in such request and (ii) the Trustee shall enter into or consent to such written amendment of or supplement to the Trust Documents as may be agreed to by the parties thereto (other than the Trustee) and as may be specified in such request, or execute and deliver such written waiver of the terms of any thereof as may be specified in such request; provided, however, that, without the consent of each investor for whom the Vendor is acting, no such supplement to this Agreement shall modify the provisions of Section 1.03, Section 1.04, Section 2.01(b), Section 3.01, Article VI, Article VII, this Section 8.01, Section 9.01 or Section 9.02 hereof or permit the creation of any lien on the Equipment or on the "income and proceeds from the Equipment" (as defined in the Conditional Sale Agreement), except as herein and in the Trust Documents expressly permitted, or deprive the Vendor of the benefits of the Conditional Sale Agreement.

Section 8.02. If in the opinion of the Trustee any document required to be executed pursuant to the terms of Section 8.01 hereof affects any right or duty of, or immunity or indemnity in favor of, the Trustee under this Trust Agreement or the Trust Documents, the Trustee may in its discretion decline to execute such document.

Section 8.03. It shall not be necessary for any written request of the Company furnished pursuant to Section

8.01 hereof to specify the particular form of the proposed document to be executed pursuant to said Section, but it shall be sufficient if such request shall indicate the substance thereof.

Section 8.04. Promptly after the execution by the Trustee of any document entered into pursuant to Section 8.01 hereof, the Trustee shall mail a conformed copy thereof to the Company, but the failure of the Trustee to mail such conformed copy shall not impair or affect the validity of such document.

ARTICLE IX

Miscellaneous

Section 9.01. This Trust Agreement and the trusts created hereby in any event shall terminate and this Trust Agreement shall be of no further force or effect upon the earlier of (a) the sale, transfer or other final disposition by the Trustee of all property, including all right, title and interest of the Trustee in and to the Trust Documents, the Hulks, and the Equipment at any time part of the Trust Estate and the final distribution by the Trustee of all money, other property and proceeds constituting the Trust Estate, as the Company may at any time direct, or (b) 21 years less one day after the date of the earliest acknowledgment of the execution of this Trust Agreement by any party hereto, otherwise this Trust Agreement and the trusts created hereby shall continue in full force and effect in accordance with the terms hereof.

Section 9.02. So long as this Trust Agreement shall remain in effect, the Company shall not have legal title to any part of the Trust Estate. No transfer, by operation of law or otherwise, of the right, title and interest of the Company in and to the Trust Estate or hereunder shall operate to terminate this Trust Agreement or the trusts hereunder or entitle any successor or transferee of the Company to an accounting or to the transfer to it of legal title to any part of the Trust Estate, except in accordance with the provisions of Section 9.01 or upon the exercise of its rights hereinafter in this Section 9.02 provided.

Irrespective of any other provision of this Trust Agreement, the Company, at its sole option, may at any time upon assumption of all the Trustee's obligations under the

Trust Documents purchase all the Equipment from the Trustee, for \$1, or may at any other time revoke this trust and vest in itself title to the Equipment, moneys or other property, proceeds and rights comprising the Trust Estate upon delivery of written instructions to such effect to the Trustee. Upon receipt of such instructions and the satisfaction of all liabilities of the Company to the Trustee hereunder, the Trustee shall transfer to the Company the Equipment, moneys or other property, proceeds and rights comprising the Trust Estate and the trust created hereby shall thereupon terminate.

In the event of the transfer of the Equipment, moneys and other property, proceeds and rights comprising the Trust Estate to the Company pursuant to the provisions of the preceding paragraph hereof, the Company will, to the extent of the Trust Estate and to no greater extent, discharge the obligations of the Trustee hereunder and under the Trust Documents (as such obligations are limited in said instruments). In the event of such transfer, pursuant to this Section 9.02, the Company will notify the Vendor of such transfer and at the Vendor's request will execute a written instrument or instruments in form and substance satisfactory to the Vendor (which shall give due effect to the limitations set forth in the last paragraph of Article 3 of the Conditional Sale Agreement) and its counsel, evidencing the Company's full assumption of the aforementioned obligations of the Trustee. Nothing contained in this Section 9.02 shall be deemed to impose on the Company any liability or obligation in the event that the trusts created hereby are terminated (whether by operation of law or otherwise) other than expressly in accordance with the terms of this Section 9.02.

Section 9.03. Any assignment, sale, transfer or other conveyance by the Trustee of the interest of the Trustee in the Trust Documents or any unit of Equipment, made pursuant to the terms of this Agreement or the Trust Documents, shall bind the Company and shall be effective to assign, sell, transfer or convey all right, title and interest of the Trustee and the Company in and to the same. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such assignment, sale, transfer or conveyance or as to the application of any sale or other proceeds with respect thereto by the Trustee.

Section 9.04. Except as otherwise provided in Section 1.03 and Section 1.04 hereof, nothing in this Trust Agreement, whether express or implied, shall be construed to give to any person other than the Trustee, the Company, the Vendor and their respective successors and assigns,

any legal or equitable right, remedy or claim under or in respect of this Trust Agreement; but this Trust Agreement shall be held to be for the sole and exclusive benefit of the Trustee, the Company, the Vendor and their respective successors and assigns.

Section 9.05. Unless otherwise expressly specified or permitted by the terms hereof, all notices shall be in writing, mailed by certified mail, postage prepaid, (i) if to the Trustee, addressed to the Trustee at 79 South Main Street, Salt Lake City, Utah 84111, attention of Corporate Trust Division, with a copy to Comdisco Financial Services, Inc., 530 Bush Street, San Francisco, California 94108, and (ii) if to the Company, at One IBM Plaza, Suite 2700, Chicago, Illinois 60611, attention of Manager, Leveraged Leasing, or in any case at such other address as the party to whom such communication is addressed shall have furnished in writing to the other parties. Whenever any notice in writing is required to be given by the Trustee to the Company, such notice shall also be deemed given and such requirement satisfied if such notice is mailed by certified mail, postage prepaid, addressed to the Company at the address or addresses last known to the Trustee as the address or addresses of the Company.

Section 9.06. Any provision of this Trust Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 9.07. No term or provision of this Trust Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party or other person against whom enforcement of the change, waiver, discharge or termination is sought; and any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

Section 9.08. This Trust Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 9.09. All covenants and agreements con-

tained herein shall be binding upon, and inure to the benefit of, the Trustee and its successors and assigns, and the Company and its successors and, to the extent permitted by Article VI hereof, its assigns. Any request, notice, direction, consent, waiver or other instrument or action by the Company shall bind its successors and assigns.

Section 9.10. The headings of the various articles herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 9.11. This Trust Agreement shall in all respects be governed by, and construed in accordance with, the laws of the State of Utah, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by duly authorized officers, and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

BWL, INC.,

by

[CORPORATE SEAL]

Vice President

Attest:

Secretary

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION

by

[SEAL]

Authorized Officer

Attest:

Authorized Officer

STATE OF ILLINOIS,)
) SS.:
COUNTY OF COOK,)

On this day of July 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is Vice President of BWL, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires:

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of July 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, that one of the seals affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said trust company by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

Notary Public

[Notarial Seal]

My Commission expires:

L&N Conditional Sale Agreement
dated as of June 1, 1977
(Secured by Lease Obligations
of L&N).

ANNEX C
TO THE
PARTICIPATION
AGREEMENT

Interest Rate: 8-1/2%

Principal Maturities: 1979-1988.

CERTIFICATE OF INTEREST

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY (herein-
after called the Agent), hereby acknowledges receipt from

(hereinafter called the Investor) of

such sum having been paid by the Investor under and pursuant to the terms and conditions of a Participation Agreement dated as of June 1, 1977 (hereinafter called the Participation Agreement), among the Agent, FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION not in its individual capacity but as Trustee (hereinafter called the Lessor), BWL, INC., LOUISVILLE AND NASHVILLE RAILROAD COMPANY (hereinafter called the Lessee), the Investor, or the party for which the Investor is acting as nominee, as the case may be, and the other parties named in Schedule A to the Participation Agreement. By reason of such payment the Investor has an interest in a principal amount equal to such sum in (i) the Conditional Sale Indebtedness (as defined in the Reconstruction and Conditional Sale Agreement hereinafter mentioned) and in and to the Reconstruction and Conditional Sale Agreement dated as of June 1, 1977 (hereinafter called the Conditional Sale Agreement), among the Agent, L&N INVESTMENT CORPORATION (hereinafter called the Builder) and the Lessor, (ii) the right, security title and interest of the Agent in and to the Lease of Railroad Equipment dated as of June 1, 1977, between the Lessee and the Lessor, and the railroad equipment covered by the Conditional Sale Agreement, and (iii) in and to all cash and other property from time to time held by the Agent under the Participation Agreement, except to the extent that instalments of such principal amounts shall have been paid.

Under the terms of the Conditional Sale Agreement, subject to the rights of prepayment contained therein in the event of a Casualty Occurrence (as defined therein), and the Participation Agreement (i) such principal amount is payable in 19 consecutive semiannual instalments on January 20 and July 20 in each year, commencing January 20, 1979,

to and including January 20, 1988, (ii) such principal amount bears interest, payable semiannually, on the unpaid portion thereof from time to time outstanding, on January 20 and July 20 of each year commencing July 20, 1978, at the rate of 8-1/2% per annum, and (iii) all such principal and interest remaining unpaid after the same shall have become due and payable bears interest at the rate of 9-1/2% per annum or such lesser amount as may be legally enforceable. The Agent will promptly furnish to the Investor a schedule of payments reflecting the dates and amounts of principal and interest payments to be made under this certificate of interest. All payments received by the Agent in accordance with the terms of the Participation Agreement and the Conditional Sale Agreement shall be disbursed by the Agent in accordance with the terms and conditions of the Participation Agreement.

THE INTERESTS OF THE INVESTORS REFERRED TO IN THIS CERTIFICATE OF INTEREST HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE TRANSFERRED EXCEPT IN THE MANNER PROVIDED IN PARAGRAPH 5 OF THE PARTICIPATION AGREEMENT AND SUBJECT TO THE TERMS, CONDITIONS AND LIMITATIONS PROVIDED THEREIN.

Dated:

MERCANTILE-SAFE DEPOSIT AND TRUST
COMPANY, not in its individual
capacity but solely as Agent
under the Participation Agree-
ment,

By

Authorized Officer

IF CERTIFICATION AS TO BALANCE DUE HEREUNDER IS REQUIRED INQUIRY
SHOULD BE MADE OF THE AGENT.